FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,127 Tuesday March 25 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 70; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

GENERAL

Gang in £4m bullion hijack

A gang armed with sawn-off shotguns stole silver bullion worth nearly £4m yesterday. A man dressed as a policeman waved down the lorry carrying the bullion on the A13 near Barking, Essex.

When it stopped, he was joined by six armed men who bundled the driver and two security guards in a vehicle behind into a van later left in a lock-up garage in Deptford, South London.

None was hurt, and they managed to free themselves and raise the alarm some three hours later, by which time the gang had made a clear get-away.

'Toy gun' casualty

A man shot by police in East London after a 10-mile car chase was carrying a toy revolver and a starting pistol.

Consulate blast

A man is helping police with their inquiries into the blast which devastated the Italian Consulate in London. The explosion blew out the front of the six-storey building in Eaton Square.

Cuts plan 'failed'

The Government's attempts to cut local authority staffing levels have been a failure, Michael Heseltine, Environment Minister, admitted. Back Page

Inquiry call

Labour MP Michael Meacher has called for a public inquiry into deaths in police custody. The inquest on James Kelly, the Huyton man who died in police custody, opened yesterday.

Calais protest

About 400 French farmers in tractors and buses blocked all road and rail entrances to the Port of Calais to protest against Britain's agriculture policies within the EEC.

Italian violence

Three Turin paramilitary police were shot dead on a bus while on a plain clothes mission, and in Genoa a university professor was shot in the legs. Urban guerrilla Red Brigades claimed responsibility. President Sandro Pertini and Luigi Petroselli, mayor of Rome, led a demonstration against political violence.

Soames welcome

President Machel of Mozambique told Lord Soames, on a visit to Maputo, that he believed Mrs. Thatcher headed "the best Government in Britain in 15 years" for courage in solving the problem of colonial power in Rhodesia. Page 4

Call-up to end

Conscription is to be ended in Rhodesia. The wave of strikes, which affected more than 15,000 workers, is petering out.

Blizzard hazard

Drivers in the border area of England and Scotland faced some of the worst weather yet this year. Blizzards were reported in parts of central and northern Scotland.

Troubled waters

The world's worst offshore blowout has been capped after nine months, during which 3m barrels of oil poured into the Gulf of Mexico.

Briefly . . .

Marijuana could help cancer patients on chemotherapy by easing nausea, U.S. researchers say.

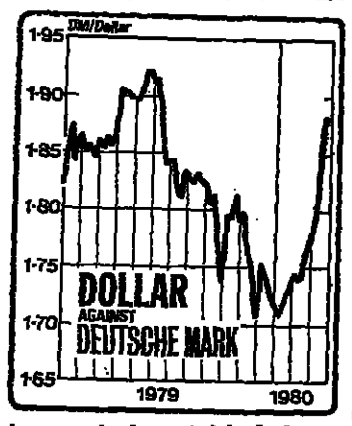
Jamaican religious sect financed cannabis-importing trips to supply its congregation, Reading Crown Court heard.

BUSINESS

Gold up $36.5; Sterling firm

● GOLD rose $36.5 in active London trading to close at $565.5.

● STERLING gained 40 points to close at $2.1835, and was firm against European currencies. Its trade-weighted index was 72.2 (72.0). DOLLAR also



improved, but finished below the day's best at DM 1.8860 (DM 1.8790). Its index was 89.6 (89.3).

● EQUITIES drifted lower ahead of the Budget and the FT 30-share index fell 2.7 to 427.2. The Gold Mines index put on 19.8 to close at 326.2.

● GILTS were firmer on hopes of more public spending cuts, and the Government Securities index rose 0.09 to 64.19.

● WALL STREET was 11.43 down at 773.72 before the close.

● GERMAN Capital Markets Sub-Committee agreed on the smallest calendar of new bonds next month in the foreign D-Mark market since July 1978—just one issue totalling DM 100m. Page 26

● RETAIL sales were 1.2 per cent higher last month than in January, and 2.3 per cent higher than last December. Back Page

● PENSION funds' total assets are estimated at about £40bn in the latest edition of "Pension Funds and their Advisers." Page 9

● SENIOR Industry Department civil servant John Lippitt, 51, is to join GEC as exports director. Back, Page 8

● UK COMPUTER exports grew by nearly 32 per cent last year, outstripping a 24 per cent imports rise and narrowing the national computer trade deficit to £195m from £257.7m in 1978. Page 6

● STATFJORD, the North Sea's biggest oil field, could become only marginally profitable if plans go ahead to raise crude sales taxes, according to companies with interests in the field. Page 8

● FT SHARE Information Service highs and lows and associated tables are changed today to current year, 1980, figures.

● BL WORKERS at the Jaguar plant, Coventry, will be urged by shop stewards to strike from Monday in protest at the company's decision to impose a 5 per cent pay offer. Back Page

COMPANIES

● DANISH Cabinet is to discuss Burmeister and Wain's decision to sell virtually all its remaining marine diesel engine interests to MAN of West Germany. Back, Page 27

● LIGGETT of the U.S. attacked UK leisure and drinks company Grand Metropolitan's purchase of 9.5 per cent of its shares. Page 21

● WILLIAM COLLINS, the publishing group, incurred a pre-tax loss for the year of £255,000 against a £3.35m profit, and is paying no dividend. Page 20 and Lex, Back Page

● DECCA, the electronics company recently taken over by Racal, acquired world manufacturing and marketing rights on Redifon radar simulator equipment. Page 10

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exch. 13¼% 1983	£94¾	+ $\frac{3}{16}$
Treas. 15½% 1998	£102¼	+ ¼
Arenson (A.)	53	+ 5
Automotive Prdcts.	73½	+ 3½
Bambers	97	+ 7
Barlow Rand	430	+ 33
Bowring (C. T.)	131	+ 5
Canning (W.)	54	+ 5
Electronic Machine	30	+ 4
Gieves	104xd	+ 6½
Hawley Leisure	43½	+ 2½
Heath (C. E.)	207	+ 6
Howden (A.)	113	+ 4
Land Securities	290	+ 5
Samuel Properties	124	+ 5
Stag Furniture	188	+ 6
United Newspapers	393	+ 10
Aran Energy	358	+ 18
Siebens (U.K.)	550	+ 25
E.R.G.O.	376	+ 24
Elandsrand	389	+ 57
General Mining	850	+ 50
Hartebeest	£27	+ 3
Kloof	£13¾	+ 1¾
West Driefontein	£31¾	+ 2½
FALLS		
Channel Tunnel	170	− 30
Collins (Wm.)	98	− 5
Lucas Inds.	218	− 5
Pleasurama	135	− 6
Reckitt & Colman	176	− 4
Status Discount	69	− 3
Williams & James	125	− 15
Wolseley Hughes	282	− 6
BP	332xd	− 10

EEC confusion as Italy decides to delay summit

BY FINANCIAL TIMES CORRESPONDENTS

Italy plunged the Common Market into confusion yesterday with an unprecedented decision to postpone next week's EEC summit, and therefore discussion of the UK demands for a substantial cut in its net budget payments to Brussels.

Most EEC government learned of the decision late yesterday morning, and were astounded at the lack of prior consultation. The postponement was on the initiative of Sig. Francesco Cossiga, who resigned as Italy's Prime Minister after a Parliamentary defeat last week, and accepted a mandate to form a new Government on Sunday.

Italy occupies the Presidency of the EEC Council of Ministers.

Sig. Cossiga apparently concluded that such a great preparatory effort would be required to bridge the gap between the UK and its EEC partners that he could not at the same time preside over the summit in Brussels next Monday and Tuesday and try to assemble a Government in Rome.

The decision brought pressure from several European capitals, including Paris and Bonn, for the meeting to be held as soon as possible in April.

The UK insisted that the postponement would be unacceptable without early agreement on a new date, and EEC permanent representatives were meeting in Brussels late last night trying to arrange a summit date in the second half of April.

The postponement was accepted philosophically by British Ministers yesterday, though it is clearly a psychological setback for Mrs. Margaret Thatcher in her attempt to reduce substantially Britain's net contribution to the Community budget.

The Prime Minister has been building up pressure deliberately in the past few weeks to assure her supporters at home, and warn her EEC colleagues, that she intends to press her case vigorously.

Mrs. Thatcher is determined to avoid postponement until the next summit due in Venice in June. It is said that this would be politically too divisive at home and would do too much damage to relations within the Common Market.

The postponement was received in Bonn with satisfaction, and the hope that the extra time now available might help bring a compromise on the British budgetary problem.

The French Government would go no further yesterday than to say that it accepted a postponement of the summit. But it is clear that Paris is relieved that an immediate confrontation over Britain's budget contribution has been avoided.

The French apparently feel the delay will allow time for a detailed discussion of agricultural prices in the next few weeks, and hope to get some concessions in this area before discussing possible compromises on the British financial contribution.

Opinion was divided in Brussels over the possible impact of delaying the summit. On the one hand it was thought that if as a result Sig. Cossiga could mount a personal initiative which might brighten the prospects for a settlement of the UK budget problem, it would be useful.

But a delay allows more time for domestic political pressures to chip away at Mrs. Thatcher's readiness or ability to compromise, and for France to dig in

Continued on Back Page
Editorial comment, Page 18

Company profits squeezed as deficits total £4.7bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE FINANCIAL pressures on industry are increasing as a result of a tightening squeeze on profit margins and continued large capital spending.

Central Statistical Office figures published yesterday show that industrial and commercial companies had a financial deficit of £4.71bn last year, slightly above the previous peak in 1974.

This is the amount which has to be raised from other parts of the economy, mainly via bank borrowing, after financing, tax, dividends, fixed investment and increases in the value and volume of stocks.

The size of the deficit indicates the pressures on industry resulting from the strength of the pound, the acceleration of cost increases and the rise in interest rates. Most analysts expect a further rise in the deficit this year since it will take time for companies to reduce their investment and stocks.

While the deficit is much lower in real (inflation adjusted) terms than in the mid-1970s, the underlying position of manufacturing industry could be as bad, if not worse, than then. This is because the published figures also include North Sea companies, whose financial position has improved since the mid-1970s.

The detailed figures have to be treated with considerable caution because of uncertainties in estimating capital formation, especially stockbuilding. There have also been major revisions of the figures: for instance the latest estimate of a surplus of £541m in 1978 compares with the previous projection of a deficit of £2.18bn.

Editorial comment, Page 18
Living standards rose 6 per cent last year, Page 10
Lex, Back Page

Nevertheless at least the direction seems clear now. The deterioration last year reflected the combination of an increase in UK trading profits (net of the increase in stock values) of only 7½ per cent and a big rise in various outlays.

Dividend payments rose by 46 per cent last year after the end of official controls, while interest charges rose by £2bn, or 57½ per cent. Profits due abroad were four-fifths higher last year because of the increased profits of foreign companies working in the North Sea.

Capital spending by industry on fixed investment and stocks (including stock appreciation) rose by £6.8bn, or 46 per cent, last year. The resulting deficit was mainly financed by a sharp rise in bank borrowing.

The latest figures highlight the contrast between the financial position of companies operating in the North Sea oil and gas sector and that of the rest of industry.

North Sea profits doubled to £4.76bn between 1978 and 1979 and now account for a quarter of the total, while the trading profits of the rest of industry (net of stock appreciation) dropped by nearly 7 per cent to £15bn.

The latter fall also contrasts with a 16½ per cent rise in income from employment last year.

Chrysler bankers under pressure

BY IAN HARGREAVES IN NEW YORK

CHRYSLER CORPORATION'S bankers have been warned that their continued refusal to meet the terms of aid legislation for the ailing U.S. motor company will probably lead to Congressional committees questioning them.

This move, made last week, is behind the increasing tension in the banks' negotiations about Chrysler. It could have been a factor in the decision by Belgium's second largest bank, Banque Bruxelles Lambert, confirmed yesterday, to file a suit against Chrysler to recover $10m (£4.5m) roll over credit due last January 31. Banque Bruxelles is the first to try publicly and through the courts to extricate itself from the confusion of Chrysler's finances.

The U.S. Treasury confirmed yesterday that with only one week to go to Chrysler's self-imposed deadline of April 1 for sorting out the terms of its $3.5bn (£1.59bn) rescue package, it was still "at variance" with the banks on several points.

It also confirmed that bankers were warned last week of the "strong possibility" of hearings before the House and Senate Banking Committees, at which bankers would have to explain their failure to produce an acceptable formula for keeping Chrysler afloat.

Chrysler's bankers in New York yesterday interpreted the Treasury message at an attempt to increase the political pressure on them to extend additional loans to Chrysler.

So far, in spite of hundreds of hours of negotiation, both the U.S. and foreign banks have refused to make such commitments, although they have

Continued on Back Page
Lex, Back Page

CONTENTS

For latest Share Index 'phone 01-246 8026

Kuwait cuts oil supplies to BP

BY OUR FOREIGN STAFF

KUWAIT HAS reached a new agreement with British Petroleum which reduces the company's entitlement to Kuwaiti crude from 450,000 to 150,000 barrels a day.

BP yesterday confirmed an agreement had been concluded, but would not comment on the terms of the contract.

Gulf and Shell, whose entitlements are 500,000 and 300,000 barrels a dey respectively, are also negotiating new long-term supply contracts. Shell's contract has longer to run than the others and the company is still negotiating. Gulf's position is unclear.

Kuwait has demanded major downstream investments by the oil companies as the price for new agreements. Sheikh Ali Khalifa al Sabah, Kuwait's Oil Minister, was quoted by the newspaper al Qabas as saying that future deliveries dependend on the companies' accepting new contract terms. From April 1, Kuwait's total production will be cut by 25 per cent to 1.5m barrels a day.

Kuwait is also believed to be negotiating for participation in joint ventures in countries purchasing its oil. "If they (the oil customers) don't agree to our conditions, they can go elsewhere and buy their oil," Sheikh Ali Khalifa said.

Saudi output

Saudia Arabia is virtually certain to maintain its crude oil production at 9.5m barrels a day in the second quarter of the year, according to the authoritative Middle East Economic Survey. Without a definite Saudi decision to keep to this level, produc- would automatically drop to 8.5m barrels a day.

The aim of Saudi policy is to ensure that oil supplies are high enough to bring market prices down to a level which it approves. This would open the door for a reunification in summer of the Organisation of Petroleum Exporting Countries' pricing system on Saudi terms.

£ in New York

—	Mar. 21	Previous
Spot	$2.1850-1865	$2.1910-1920
1 mnth	0.22-0.27prem	0.07-0.12 prem
3 mths	0.50-0.55prem	0.32-0.37 prem
12 mths	0.50-0.60prem	0.30-0.40 prem

Moves to end steel strike in trouble

BY CHRISTIAN TYLER, LABOUR EDITOR

MOVES to bring the 12-week steel strike to a rapid end while a committee of inquiry examines steelworkers' pay grievances ran into trouble last night.

Mr. Bill Sirs, general secretary of the dominant Iron and Steel Trades Confederation, was trying to persuade his national executive committee to accept the solution supported by leaders of the 13 unions and by the British Steel Corporation.

Executive councils of the ISTC and the National Union of Blastfurnacemen were considering a corporation proposal to pay a 10 per cent general increase on account, provided the strike was called off tomorrow and an inquiry chairman agreed by the end of the week.

Many councillors wanted to pursue the strike to the finish. They were encouraged by a stream of telegrams from the steel areas, urging them not to "sell out," and by reports that the strike was at last beginning to hurt the economy.

Earlier, the 10 union negotiators were told by Mr. James Prior, Employment Secretary, that the Government could not appoint a committee of inquiry.

He urged the unions to go through the Advisory, Conciliation and Arbitration Service, which both the ISTC and the Blastfurnacemen are reluctant to do.

Mr. Prior, anxious to maintain the maximum distance between Government and the dispute, then suggested the two sides appoint their own committee of inquiry, for which ACAS could provide the secretariat.

He welcomed the progress made. It was important the impetus for settlement should not be lost.

There was little sign that the unions would agree to go back to work during an inquiry. This suggests that the strike — already one of the longest national stoppages this century — will last until after Easter.

In the Commons, Sir Keith Joseph, Industry Secretary, replied to Opposition attacks by saying the cost of the strike would have to be borne by British Steel, not the taxpayer. The corporation has lost about £120m because of the strike, on top of regular losses.

Parliament, Page 12

Council chiefs' pay claim settled

BY NICK GARNETT, LABOUR STAFF

LOCAL AUTHORITIES achieved an important pay agreement yesterday with chief officers. It opens up the prospect of a settlement with other white-collar staff whose industrial action is severely disrupting town hall work.

The negotiations have been about the size of an offer to bring council salaries into line with comparable jobs outside local authorities. The promises of comparability studies were part of last year's annual pay settlement.

Representatives of the 6,000 chief officers accepted an improved pay comparability offer of 17 per cent, 5 per cent higher than the previous one.

The new money is backdated to January, and is in addition to the 9.4 per cent agreed for chief officers last July, their annual settlement date.

The previous offer of 12 per cent was a significant influence in determining the present 6-12 per cent pay comparability offer rejected by union officials representing 560,000 other white-collar staff.

Industrial action by this group, the bulk of whom are members of the National and Local Government Officers' Association, has been holding up issue of rate demands, and threatens operation of some [illegible] air traffic.

Local authority employers had not been prepared in negotiations with administrative, technical and clerical staff to go beyond the 12 per cent offer previously made to chief officers, partly because of the damage this would do to pay structures.

Now that the figure has been lifted to 17 per cent for chief officers this should provide employers with more leeway to settle with other white-collar staff.

Employer negotiators for these administrative and technical staff meet today, and will almost certainly propose new negotiations with NALGO whose claim is for 10 to 22 per cent.

Part Two of **Margaret van Hattem's** examination of how the CAP operates

Price support a poor instrument of social policy

THE European Economic Community spent 1.4bn ECU (£2.3bn) on storing its surplus food last year—more than it has spent on its poorer regions through the regional development fund in the past five years. Housing and butter mountain alone cost 588m ECU; the Community spent just 520m ECU last year on alleviating unemployment through the social fund.

A main argument in favour of spending three quarters of the Community's budget on the Common Agricultural Policy has always been that it is much more than a farm policy—it is also a *de facto* regional and social policy.

How effective is it in creating employment and stimulating regional growth ?. Might it not be cheaper to make direct payment to farmers, rather than take the long and tortuous route of price support, which runs through so many traders and entrepreneurs before it reaches the farmer or worker in a tomato-canning factory ?

The 10.7bn ECU spent last year on the Common Agricultural Policy, say its advocates, kept many marginal farmers in poor regions on the land. It also had a substantial spin-off effect on the shopkeepers, mechanics, vets, electricians and builders who swell the rural work force. It stimulated production, hence employment, in transport, food and animal feed processing, and in farm equipment manufacture. It kept the regions alive.

Hogwash, say their opponents. Transport, food processing and machinery production are becoming so capital-intensive and technologically advanced that they create far fewer jobs than is thought. Of that 10.7bn ECU, less than 5 per cent went directly to the farmers: nearly half was paid to traders to top up export prices, 14 per cent to storage companies, and the rest to food processors and co-operatives. Price support money does eventually filter through to farmers, they say, rather like whey gets through cheese cloth: the substance is left behind.

The truth is probably somewhere in between. The agricultural policy system of guaranteeing a minimum price on unlimited quantites of butter, skimmed milk powder, wheat or beef enables the traders, manufacturers and co-operatives which sell into the intervention stores to buy everything the farmer grows at a much higher price than is paid anywhere else in the world.

National governments help the farmer-entrepreneur with grants, tax relief and intrest subsidies, and the farmer-worker with social security payments. They spent twice as much on their own national policies last year as they did on the agricultural policy. "There's no such thing as a poor farmer," says the Community official in charge of markets. "There are some low-income farmers, but even these have more capital assets than the avearge non-farm employee." Thanks to the agricultural policy, farmers enjoy a security denied to most workers and investors in the Community

The justification for the high subsidies is that their benefits spread far beyond the 8 per cent of the Community work force who work on farms. The boost to farm incomes is multiplied as it spreads, stimulating demand for goods and services through the whole economy.

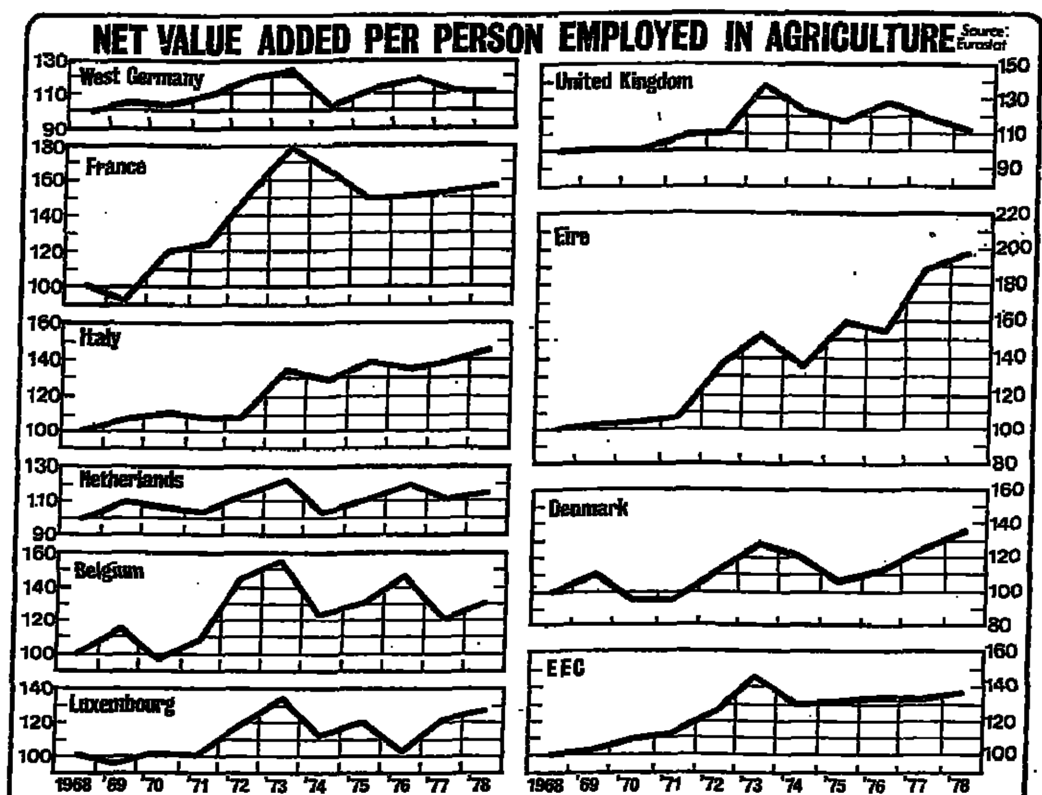
Studies in Ireland indicate that the value of increased farm exports is multiplied by 1.8779 by the time it works its way through the economy to the gross national product. On this basis, Dr. E. A. Attwood, of the Irish Ministry of Agriculture, calculates that the I£226.4m (£208.6m) Ireland received from the farm fund in 1978, with an estimated extra I£340m earned by exporting at Community rather than world prices, boosted Irish gross national product by more than I£1bn — around 17 per cent.

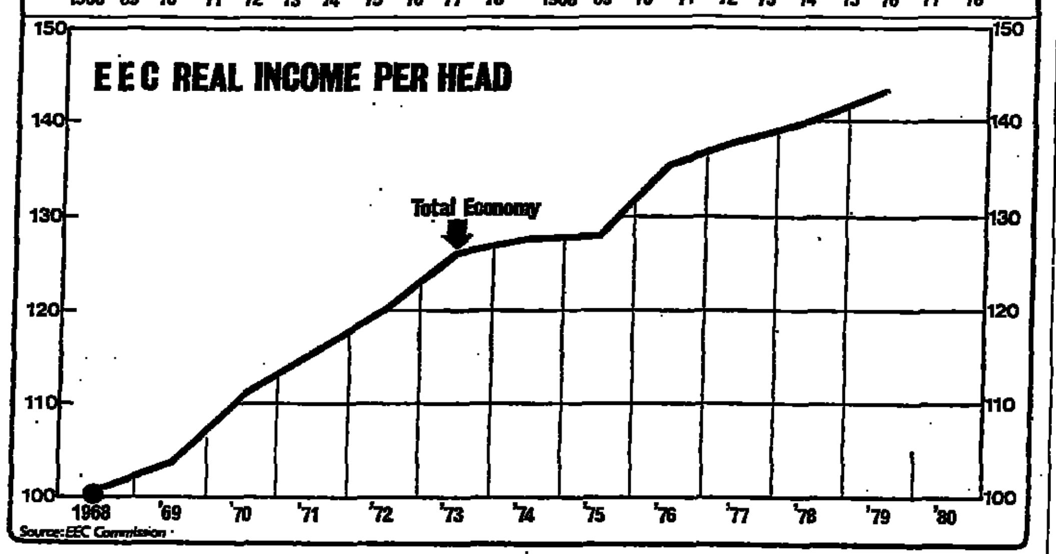
High Community prices have particularly benefited the Irish food industry. The gross output of companies producing dairy products, beef and lamb rose from I£283m in 1972 (the year before Ireland joined the Community) to I£1.357bn in 1978—a real growth of 120 per cent.

Not everyone does as well as the Irish. Although farm incomes in the Community rose by an average 11 per cent in 1978 (2.9 per cent in real terms), regional incomes still vary widely. In many cases they are drifting further apart. Farmers in the Ile-de-France earn six times as much as those in the Limousin region; the farmer in Hessen less than three quarters of the average in Schleswig-Holstein; the Welsh farmer just over half what the north-eastern English farmer gets.

The price support mechanism is an inefficient instrument of social and regional policy. It often helps the rich regions more than the poor, the capital-intensive more than the labour-intensive enterprises. It is, after all, a market mechanism, and is operated day-to-day in Brussels by a handful of officials totally unqualified to assess the social and regional implications of their decisions. The Community, by spending 72 per cent of its budget on price support, concentrates a disproportionate amount of power in their hands."

But the price support mechanism looks like continuing to be the Community's main instrument of regional and social policy until that far-off day when prices are cut to make room in the budget for a more equitable system.





Sweden's N-power vote fails to clear the air

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE RESULT of the Swedish referendum on Sunday was a victory for the advocates of nuclear power. Or was it? To judge by political leaders' comments the pro-nuclear cause won at most a pyrrhic victory. A majority of the political parties in the Riksdag (Parliament) now appear to be committed to phasing out nuclear power some time in the next quarter century.

The referendum also leaves serious doubts about the viability of the non-Socialist coalition Government with its one-vote parliamentary majority. It is long odds on its surviving until the next general election in 1982. Once again the spotlight is on the political conscience of Mr. Thorbjörn Fälldin, the Prime Minister, who is a convinced anti-nuclearist, and who has to administer a decision by the majority of the people to build and operate 12 nuclear reactors.


Mr. Fälldin: again in the spotlight.

The final count gave the two "pro-nuclear" groups 58 per cent of the votes cast, against 38.6 for the anti-nuclear group. The Social Democrats and Liberals, jointly advocating completion of the 12-reactor programme but under public control, in fact just topped the anti-nuclearists by polling 39.3 per cent. The Moderates (Conservatives), who advocated 12 nuclear power stations without any constraints about public ownership, took 18.7 per cent. The Centre Party and Communists, who formulated the anti-nuclear alternative, wanted to shut down the six existing reactors within 10 years.

The turnout was a low 74.3 per cent compared with the 90 per cent of the electorate which usually votes in a Swedish general election. As many as 3.3 per cent of those voting expressed their discontent with the whole exercise by putting in blank ballot papers.

The Stockholm Stock Exchange yesterday reacted hardly at all to the outcome. The share price of ASEA, the electrical engineering group which builds most of Sweden's nuclear power stations, moved up slightly but there was no great demand for its shares.

The State power board announced it would recruit 300 more technicians for two nuclear reactors currently under construction and industry is undoubtedly relieved at a decision which should safeguard its energy supply in the immediate future. But satisfaction at the result among the leaders of the "pro-nuclear" groups was dampened and reserved.

Comments culled on the streets by Swedish radio reporters yesterday morning demonstrated that many Swedes blame their politicians for passing the buck by handing over the nuclear decision to the people. Leaders of all parties but the Communists, who have benefited from the referendum, now have to heal the damage to party unity caused by the conflict over nuclear power.

But the People's Campaign Against Nuclear Power, which links some 40 environmentalist and small political groups, may not give them respite. Last night, as the referendum results came in, campaign leaders pinned on new badges carrying the slogan: "The fight will go on."

Ms. Ulla Lindström, a veteran Social Democrat and former Cabinet Minister, drew thunderous applause at Campaign headquarters, when she declared that after four out of 10 voters had voted for a nuclear phase-out, it would be "insane" for the Government to sanction the start of work on the 11th and 12th reactors.

The immediate problem for the Government concerns the two reactors already completed and the commissioning of two in the final stages of construction. Mr. Gösta Bohman, the Moderate leader, said on Sunday night that the referendum result left no scope for further disputes within the ruling coalition over the commissioning of the reactors.

Mr. Ola Ullsten, leader of the Liberals, the third partner in the ruling coalition, said the talking was over and a decision had to be made

Prime Minister Fälldin, having stated he would respect the result of the referendum, added: "they (the pro-nuclearists) did not state categorically that we had to have as many as 12 reactors." He would be surprised if the new energy programme did not take into consideration the anti-nuclearists' views.

He is in an unenviable position. Either he must agree to load the next four reactors and hope to save his Government, or he must oppose commissioning the reactors and let the Social Democrats return to power, possibly after a new election.

With the backing of his Centre party, he cannot continue the nuclear programme and keep the Government intact. Most of his party colleagues have been campaigning against nuclear power and the Centre party's ability to attract the environmentalist vote has been its main strength during the 1970s.

For Mr. Olof Palme, the opposition Social Democrat leader, the situation is promising but not without problems. He, too, has a divided party with a substantial anti-nuclear minority, which he has appeased by promising to phase out nuclear power at a pace which does not disrupt the economy and threaten jobs.

The referendum has also prevented the Government from tackling several urgent economic issues. National wage talks between the employers and unions have reached deadlock, and if the Government cannot agree on some way of attenuating high union wage claims, inflation will take off.

But, with a budget deficit of over SKr 50bn (£5.26bn), a mounting foreign debt and a payment deficit approaching SKr 18bn this year, it will not be easy for the coalition parties to agree on the subsidies or social spending which could induce union moderation.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Italy's crisis delays EEC summit

BY RUPERT CORNWELL IN ROME

THE NEW Government crisis here bears at least equal responsibility with the impasse over Britain's EEC budget contribution for the decision to postpone the Community summit *scheduled for next Monday* and Tuesday, over which Italy would have presided.

Although officials in Rome were emphasising last night that the increasingly ill-tempered deadlock between the UK and her partners made a cooling-off period desirable, matters were precipitated by the fall of the Government of Sig. Francesco Cossiga, and his re-appointment this weekend as Prime Minister designate.

As *such Sig. Cossiga, who is* currently President of the EEC Council, would have had to combine highly delicate soundings over the *formation* of a new administration with an intense last-ditch effort to piece together a *compromise* between Community Governments. The task would clearly have been impossible.

Yesterday, for example, the Prime Minister designate spent most of the morning in talks with his own Christian Democrat *party* leadership, and in the afternoon was due to attend another party meeting. Today he begins *a first* exhaustive round of consultations with the other parties.

To the extent, therefore, the length of the summit postponement depends on how quickly the internal Italian crisis can be solved. At present the omens are fairly encouraging that a new *coalition* Government can be launched within two or three weeks, to tide matters over at least *until after the summer.*

The most widely canvassed solution is an administration embracing Christian *Democrats*, possibly the Republicans, and the Socialists—the latter back in Government for the first time since the early 1970s.

In any case the fact that a political crisis in Rome has had direct and grave international repercussions is likely to provide a spur to the politicians to settle matters more speedily than *otherwise* would have been the case.

Foremost among those pressing *in this direction* has been President Sandro Pertini. He has not hidden his fears over the damage to Italy's foreign credibility that could follow from a protracted Government deadlock.

Another factor propelling the parties towards an accommodation has been the spring *terrorist offensive in which* three magistrates were killed last week alone. Yesterday three para-military carabinieri police were shot in an ambush in Turin.

President Pertini took part yesterday in an anti-terrorist rally in the capital attended by *200,000 people in pouring* rain. Sig. Luigi Petroselli, the Mayor of Rome, presented an appeal *signed by 1m Romans for* an end to terrorism and violence.

Giscard calls halt to tax increases

By Terry Dodsworth in Paris

THE FRENCH PRESIDENT, M. Giscard d'Estaing, has asked the Government to stop further tax increases in a move which looks suspiciously *like* the first serious shot in next year's presidential election campaign.

Although he has not announced his candidature, M. Giscard went out of his way in a weekend speech to *stress* that taxes had reached their acceptable limit. With the country already under pressure from oil price increases, he said, the *Government had been asked* to leave current taxation levels unchanged this year.

***In a parallel announcement,* the President also looked forward to the removal of the 1 per cent surcharge on social security payments next February. *The timing of this* change, only a few weeks before the election, will be lost on no one.**

These announcements were *accompanied* by a *strong* defence of Prime Minister Raymond Barre, who was praised for his "determination and courage." The policy *of price liberalisation and the* encouragement of increased competition had resulted in a revitalisation of French industry, the President said.

M. Barre himself, addressing a group of parliamentarians from the UDF party *which* supports President Giscard, illustrated the impact of the Government's policies with figures showing a 5 per cent improvement in company *investment* and a 6.3 per cent increase in productivity.

Bomb blasts mark opening of W. German lock-out hearing

BY ROGER BOYES IN BONN

THREE BOMBS exploded in the West German Federal Labour Court building yesterday a *few hours before it sat to discuss* whether employers are justified in locking-out workers during industrial disputes. Although nobody was hurt, they demonstrated dramatically *the* strong emotions that have been stirred by the case.

The court, which sits in Kassel, is the most senior labour tribunal in the country. It is *considering one* lock out in the metalworking and engineering *industry in 1978* and a further five that occurred during a printing dispute the *same year.*

The court has to rule whether it was "reasonable and justified" to use the lock-out in the disputes. If it finds against the employers, *Professor Gerhard* Mueller, the court president, *believes a change in* labour legislation may be necessary to define more closely the use of lock-outs. *In earlier cases,* in 1955 and 1971, the court has approved the use of lock-outs.

The unions argue that the lock-out was used to pre-empt the workers' constitutionally guaranteed right to strike. The employers maintain, however, that *the unions, through selective* industrial action, can threaten the existence of whole *sectors of industry. The lock-out* is thus designed, they say, to shorten labour conflict and speed the way to a settlement.

The court, which will finish *its* deliberations later this week, is meeting against the background of tense wage negotiations between the Government and the 4m-member public services union.

The union is demanding a 9 per cent wage rise and the employers, that is the Government, have come up with a "final" offer of 6.3 per cent. Although a settlement near the metalworkers' 6.8-7 per cent is still a possibility, the crucial sticking point seems to be the *size of a special supplement for* lower-paid workers. Such supplements can push the *actual* settlement well above the nominal percentage increase.

Herr Heinz Kluncker, the union's leader, has said that he *will call a strike if necessary,* placing the Government in an extremely delicate position. If *it allows a large wage increase,* great pressure will be put on the already strained budget. If it has to fight a strike, however, the Government will tarnish its *image in an election year as a* close ally of the unions.

Record Dutch borrowing likely

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH Government borrowing *will reach record levels this year* despite plans to curb the growth of public spending, the newly appointed Finance Minister, Mr. Fons van der Stee *said. The Cabinet is determined* however, to keep its deficit below 6 per cent of national income and if necessary will take further measures to enforce *this, he added.*

The Government has come within sight of the limits imposed by the various sources of funds available, he said, at *the opening of new offices for* the Finance Ministry's capital market agent in Amsterdam.

A continuation of previous policies would lead to a Government financing deficit equivalent *to 6.5 per cent of national* income in 1980 compared with 5.6 per cent last year. Despite extra spending cuts of Fl 3bn (£666m) this year the deficit *will still be 5.5 per cent to 6 per* cent, Mr. van der Stee said.

He gave no absolute figures for Government borrowing this year but his predecessor at the Finance Minister Mr. Frans Andriessen, forecast a budget shortage of Fl 20bn compared with Fl 16bn last year. Mr. Andriessen resigned last month because *he felt the spending* cuts were insufficient.

The Government placed eight State loans on the capital market last year and raised 20 per cent more than the year *before. This number of issues* must be seen as the maximum possible while such a growth rate would be difficult to repeat this year unless conditions *were eased,* for example, in the form of shorter maturities.

The amount of funds raised on the public capital market—equal to a third of all state *borrowings—may be matched* by private borrowing this year. The Treasury account at the *Central Bank was halved* to Fl 2.3bn in 1979. The Finance Ministry will therefore also have to increase the amount of the Treasury bills it issues.

Lamb row again before court

By A. H. Hermann, Legal Correspondent

THE LAMB dispute between Britain and France was again brought before the European *Court yesterday,* but *there* are little prospects of the court being able to get France to comply with its earlier judgment.

The court heard an application by the EEC Commission proposing that the court should adopt an "interim measure of protection" ordering France *to comply with its judgment* which declared illegal French import restrictions on lamb *exported from the UK.*

The Commission argued that France's refusal to obey this judgment created a new case—failure of a member state *to fulfil its obligation, according* to Article 171 of the Rome Treaty — and that the Commission has, therefore, a good cause to ask for, what in *England would be termed an* interlocutory injunction.

The French defence was that the case had already been decided by the court, and that *the court, therefore, had* no cause or power to adopt a provisional measure according to Article 186 which reads: "The Court of Justice may, in any cases before it, prescribe any necessary interim measures."

France also argued that as the Council of Ministers did not agree on any replacement of its national marketing system for sheepmeat by a *Community system, as provided* by Article 43 of the Treaty, France needs some reasonable delay to be able to comply

Today the court will be hearing *the opinion of* Mr. Advocate-General Francesco Capotorti, and its decision is expected soon, possibly this week.

The French Government has *already made it abundantly* clear that it has no intention of obeying an injunction with any greater diligence than it has shown in the case of the judgment. By granting the Commission's application the court would only risk adding further to the loss of authority it has already suffered in *this* matter.

The argument that the application is inadmissible because there is no room for provisional measures once the *main issue has been decided* therefore must appear very attractive to the court.

The fact that Lord Mackenzie-Stuart, the Scottish judge, has been appointed by the president of the court to act as rapporteur suggests that a decision which *would further* displease France is not *envisaged.*

Farm price test for Europe Parliament

BY MARGARET VAN HATTEM IN LUXEMBOURG

THE EUROPEAN Parliament will vote tomorrow on Common Market farm *prices* for the coming year, in a special session *in Strasbourg this week that* may be a test of its own role in the European Community.

Parliament will be debating the recommendation of its agri*cultural* committee *that* farm prices should rise by 7.9 per cent that farmers are demanding.

Whatever they decide, the vote is unlikely to affect the *outcome of this year's farm price* review. It will not alter the European Commission's belief that no prise rise is justified and that the 2.4 per cent rise it *has proposed should be sufficient* to appease the farm lobby. Nor is it likely to stop EEC Farm Ministers from pressing for more than 2.4 per cent.

But Parliament will be judged by its decision, and, if it fails the test, will find it increasingly difficult to make its voice heard in the Community. Having *singled out farm spending* and its disproportionate size in the EEC budget as the issue on which to challenge the *power* of the Council of Ministers, the Parliament is now too *far* committed to withdraw without loss of face.

Last December, Parliament rejected the 1980 budget largely because the *Council ignored* its advice and refused to cut farm spending. But many MEPs have *had second thoughts since.* They feel they have made their point and that *it is time* to do something for the farmers who support the parties they represent.

Whether they will carry the vote tomorrow is unpredictable. Socialists from all countries *except France, together* with the Italian Communists, are expected to oppose the rise.

Christian Democrats and parties of both government and *opposition in France and* *Ireland are almost certain* to approve one, though they may not wish to go as high as 7.9 per cent.

The most interesting group to *watch will be the European* Democrats, made up largely of British Conservatives. The UK Government is insisting that prices on surplus products be *frozen, which suggests* an average rise of less than 2.4 per cent. But the Conservatives traditionally are susceptible to farm lobby arguments, and it is *significant that of the Conservatives* on the agricultural committee, one supported a 7.9 per cent rise, while another abstained from voting.

EEC coal producers called yesterday for major funding to support a long-term development programme *designed to boost European* production and consumption of coal, Giles Merrit reports from Brussels. Their four-point plan proposes that production grants to coal producers and soft loans to industries converting to coal use *should be studied*, and *that* financial assistance should be made available to help EEC coal producers compete with cheaper imports.

Government faces crisis in Finland

By Lance Keyworth in Helsinki

*A GOVERNMENT crisis in Fin*land is a strong possibility this week. The four-party, left-centre coalition led by Mr. Mauno Koivisto (Social Democrat), *which took office in May last* year, is divided over the demands for price increases and supports put forward by the agricultural producers' union.

The Social Democrats and Communists in Mr. Koivisto's Government maintain that the farmers' demands are too high *and will give them earnings* increases of about 20 per cent.

This will upset the trade unions, most of which have already settled for a rise of *about 9.5 per cent for the next* 12 months.

Hungary Congress opens

BY PAUL LENDVAI IN BUDAPEST

OPENING the 12the Congress of the Hungarian Communist Party yesterday, Mr. Janos Kadar, the party's *leader, launched surprisingly* sharp attacks against the Chinese leadership and expressed total and unreserved backing for the Soviet intervention in Afghanistan.

He said international tensions and domestic economic difficulties had engendered a mood of "concern" in the country and of "uncertainty" in some *smaller groups,* he also warned that a small minority had "accepted the *slogans* of imperialism," and called for a more energetic and intensive *battle against political* and ideological enemies.

Hungary's economic performance *fell far short* of the Five Year Plan targets, Mr. Kadar confirmed. Gross national product is estimated to have risen *only 21 to 22 per cent in 1976-1980* instead of the originally projected *30 per cent.* In contrast to the previous Congress in 1975, no details were revealed about the forthcoming plan. He merely estimated that economic growth *will be only 15 to 17 per* cent in the 1981-85 period.

Mr. Kadar also bluntly told the Congress that the Hungarian people's standard of living *would barely rise in the coming* five years, and that the main task would be the maintainance of the level already attained. But he spoke out in favour of economic *reforms introducing* prices reflecting real scarcities and incentives for good managers and employees.

OVERSEAS NEWS

Shah's stay in Egypt 'will be permanent'

BY ROGER MATTHEWS IN CAIRO

PRESIDENT Anwar Sadat is determined the deposed Shah of Iran should take up permanent residence in Egypt, and has discounted any threats to his Government from the revolutionary régime in Tehran, or Islamic fundamentalist groups.

The Shah's arrival in Cairo yesterday is seen by the President as confirming his view that only in Egypt can the Shah be assured by security, adequate medical treatment, and freedom from Iranian attempts to have him extradited to Tehran.

Accompanying the Shah to a specially prepared section of the heavily guarded Maadi military hospital just south of Cairo, President Sadat twice stressed that the former monarch's stay in Egypt would be "permanent."

Earlier, the Shah, looking exhausted after his flight from Panama, said, barely audibly, that there would be ample time to talk "after the operation." A 15-strong team of doctors has been assigned to him, and it is expected he will undergo surgery shortly, for removal of his spleen.

President Sadat has tried for over a year to persuade the Shah to take up residence in Egypt. Despite opposition from some members of the People's Assembly, he pushed through a Bill last year giving the Shah the right to live in Egypt.

Apart from his friendship with the Shah, the Egyptian President feels he owes the former Iranian monarch a debt of gratitude for urgently-needed economic assistance after the 1973 Middle East war. In 1974, Iran gave oil supplies to Egypt and the following year, provided a $320m cash loan.

This loan was rescheduled in 1978, and has been serviced normally since. No principal is due this year, but repayments of $50m a year are scheduled to begin in 1981.

President Sadat has also been irritated by the apparent reticence of the U.S. in its relations with its former Middle East ally, and by what he sees as a general weakness in U.S. foreign policy.

Since the fall of the Shah, Egypt has become even more closely tied to the U.S. because of civil and military aid now running at about $2bn a year, and is seen by some as taking over part of the role formerly played by Iran.

Egypt broke diplomatic relations with Iran last May, although President Sadat said he would like to retain friendly links with the Iranian people, as distinct from their religious leader, Ayatollah Khomeini.

He has several times attacked Khomeini, accusing him of distorting the face of Islam and behaving "like a bloodthirsty lunatic."

Having so far successfully withstood the effects of the Arab boycott imposed after Egypt signed the peace treaty with Israel. President Sadat presumably feels confident of dealing with whatever new hostility may be incurred by his decision to give refuge to the Shah.

The Egyptian security forces seem reasonably able to control the activities of Moslem extremist groups and Left-wing factions, who are as sharply opposed to the presence of the Shah in Cairo as they are to that of the Israeli Embassy.

David Lennon adds from Tel Aviv: Mr. Eliezer Shostak, Israel's Health Minister, said yesterday that his country would "respond positively" to any request from Egypt or the Shah's family for medical aid. But Israel would not initiate the contacts.

The former Shah of Iran, accompanied by President Sadat, speaks to reporters on arrival at a military hospital near Cairo.

Hebron calls for all-out strike today

By David Lennon in Tel Aviv

THE PEOPLE OF Hebron on the occupied West Bank of the Jordan are to stage a total strike today and will boycott Jews in protest against the Israeli Government's decision to establish a Jewish presence in hte all-Arab town.

The Hebron municipal council yesterday ordered the strike amid a growing wave of protest throughout the occupied territories.

Mr. Elias Freij, Mayor of Bethlehem, condemned the proposed settlement, saying that it proved that Israeli talk about Jewish-Arab coexistence was a myth. The decision was also denounmed by Gaza municipal council as well as by mayors and public figures through the West Bank.

It is far from clear, when the decision to set up a Jewish religious seminary and a field school in Hebron will be implemented. The Knesset Foreign Affairs and Defence Committee is due to discuss the decision at the request of he democratic movement, one of the smaller coalition parties.

Because of opposition within the coalition over the timing of the decision, there is some doub whether hte Government could obtain a majority within the committee. The opposition parties are totally against the proposal

In the light of this the coalition whip is hoping to put the committee hearing off until after the upcoming Knesset Passover recess and if possible untila fter Mr. Menahem Begin, the Prime Minister, returns from his trip to Washington next month.

It is not clear what force, if any, the Knesset committee decision would have in legal terms, though the political impact of a negative vote would claerly make it even more difficult for the Government to defend its policy

Mr. Begin yesterday met, for the second time in Jerusalem, Mr. Sol Linowitz, President Carter's special envoy to the Palestinian autonomy talks. No details of the conversations have been released, but it is understood that the Hebron decision was among items discussed.

Ohira backs U.S. call for higher troop-support share

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Prime Minister, Mr. Masayoshi Ohira, yesterday asked Government agencies to study ways of increasing Japan's share in the cost of stationing U.S. forces in his country. The cost is now estimated at around $700m-1,000m a year.

Mr. Ohira issued the instructions to Mr. Saburo Okita, the Foreign Minister, who has just returned from the U.S. after four days of talks on defence and other issues.

The U.S. repeated to Mr. Okita its request for a "steady and significant" increase in Japanese defence outlays. Japan now plans to spend the equivalent of 0.9 per cent of gross national product Y2,230bn (£4.09bn), in the budget for the next fiscal year beginning on April 1. U.S. defence officials have rather vaguely urged that a more appropriate level would be about 1 per cent of GNP.

The Japanese Government is believed to be considering an increase in fiscal 1981 which would mean the equivalent of 0.92 per cent of GNP. Over the weekend Mr. Noboru Takeshita, the Finance Minister, told a Press conference that a 1 per cent target would be very hard to reach even over a five-year period.

While the U.S. would welcome any increases in Japanese support for its presence in the country, the major issue is how much Japan should be spending to improve the quality of its own defence forces. Here too some sort of consensus on the need to strengthen the military appears to be forming. But there are serious political hurdles to overcome.

The ruling Liberal Democratic Party is leaning toward using defence as a major election issue this summer. Press comment and public opinion polls indicate that more spending to improve the military may gain the support of most people. But a strong LDP showing in the election will be needed to solidify that support before bigger budgets become a reality.

The fortunes of the LDP could indeed prove to be the Achilles heel of those who are prepared to push for more money for the military. LDP weakness in last year's Lower House election forced the Government to scrap, even before the election, plans to improve the country's deficit financial condition by introducing an excise tax system. The LDP barely managed to hold its majority at the polls.

Mr. Ohira, leader of the LDP, has cautiously set a goal this time of winning at least two seats more than a simple majority in the 252 member Upper House, compared with a one-seat margin won in the last election three years ago. Half of the membership comes up for election every three years.

Voters, however, who will be facing near double-digit inflation by mid-summer, may not take kindly to the notion of greater Government outlays for defence.

Ex-defence chief sounds alarm

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

DEFENCE POLICY in Japan is being framed to meet a situation which existed four years ago but which bears little or no relation to today's conditions, according to General Hiroomi Kurisu, the former Defence Chief who this summer will run as a Democratic Socialist Party candidate in the Upper House elections.

General Kurisu says the Soviet military build-up, particularly in naval power, and the Soviet-Vietnam axis present Japanese defence planners with a challenge which is not being faced. The Japanese tend to turn their backs on things they dislike," he says.

"We have to make the general public aware of the changed situation around Japan before we can do anything else. After that, the Government should start work on a defence policy which puts Japan's own ability to defend itself first, instead of placing all the emphasis on the security treaty with the United States."

General Kurisu, a former officer in the Japanese Imperial Navy and a graduate of Tokyo University law school, made headlines two years ago, when he was forced to resign as chairman of the joint staff council of the Self-Defence Forces.

The Government demanded his resignation after he had stated publicly that existing laws made it impossible for Japan's defence forces to act in an emergency.

Apart from his stress on the need to create a public defence consciousness in Japan, General Kurisu has the following points to make about security in north-east Asia and Japan's response to it:

General Kurisu: making the public aware

● North-east Asia has become a main area for Soviet pressure, as a natural extension of a trend which began with Russian moves into Eastern Europe and the Middle East. The Russians would like to construct a "shield" in front of Siberia, to ensure the security of Siberian development. Such a shield would require turning Japan and the Korean peninsula into buffer territories between the Soviet Union and the outside world.

● Russia's stress on the Far East has been accompanied by a rapid naval build-up, changing the ratio of U.S. to Soviet fire-power in the north-west Pacific from about 10 to one in 1975 to about two-and-a-half to one today. The Soviet naval build-up will continue up to at least 1985, when the ratio of U.S. to Soviet strength could be around 10 to eight or nine.

● The construction of Soviet bases on the southern Kurile islands, immediately north of Japan, can be seen in part as an attempt to strengthen communications with the big Soviet base at Petropavlovsk, in the Kamchatka Peninsula, and partly as the starting point for more Soviet air activity around Japan. MiG 21s cannot reach Honshu, the main Japanese island, from eastern Siberia, but could easily reach it from the southern Kuriles.

● Japan's defence budget, although quite large in absolute terms, is spent mainly on wages, with only 22 to 23 per cent being allocated to hardware. Japan ought to try to raise its weapons expenditure to at least 30 per cent of total defence spending, General Kurisu says. Even then it would be far behind the U.S. and the Soviet Union, which spend over 40 per cent of their defence budgets on weapons and less than 60 per cent on personnel.

● Japan's ruling Liberal Democratic Party contains many individuals who have definite views on security, but lacks an effective defence platform. In contrast, the left-of-centre (but strongly anti-Communist) Democratic Socialist Party has a clear policy on the need to increase Japan's defence capability.

The Democratic Socialists along with the Buddhist-oriented Komeito, whose leaders are interested in defence, but whose rank-and-file membership is indifferent, represent the political centre ground to which Japanese voters have been turning, disillused by the older and larger parties.

General Kurisu, who has become something of a national celebrity because of his outspoken views on defence, hopes these centre parties will take the lead in building a new national consensus on security.

'We will never yield Gulf islands,' says Bani-Sadr

BY IHSAN HIJAZI IN BEIRUT

IRAN will never relinquish three strategic islands in the Gulf to the Arabs, President Abol Hassan Bani-Sadr has said in an interview with the international edition of the Beirut newspaper An Nahar.

President Bani-Sadr accused the Arab Gulf States of links with the U.S. and charged that they were not independent. His Government was not interested in having good relations with them, he added.

His remarks have immediately brought a protest from the Government in Kuwait, whose Press strongly criticised him.

The Iranian President also singled out Saudi Arabia, Abu Dhabi, Dubai and the Sultanate of Oman. If they gained control of the three islands—Abu Mussa and Greater and Smaller Tunbs—they would then command the Hormuz Strait, a vital oil route. "This in turn would mean that the U.S. will take charge of the Gulf."

Iranian troops occupied the islands in 1971 after Britain disengaged from the Gulf. The islands were claimed by the Arab Gulf States of Sharjah and Ras-al-Khaima.

It is not the first time that President Bani-Sadr has attacked the Arabs. Before being elected President, he compared Arab nationalism to Zionism.

Qotbzadeh makes new offer on hostages

BY SIMON HENDERSON IN TEHRAN

THE U.S. hostages in Tehran could be transferred to the control of the Iranian Government within 24 hours, if the Shah returns to Panama for extradition proceedings, Mr. Sadegh Qotbzadeh, Iran's Foreign Minister, claimed yesterday.

This seemed the final word on the talks which Mr. Qotbzadeh and President Bani-Sadr are believed to have had by telephone with Panamanian leaders and, by implication, with Mr. Hamilton Jordan, President Carter's chief of staff, who has been in Panama.

The Iranian leaders are thought to have made similar suggestions both before the Shah left Panama on Sunday, and while he was enroute to Egypt. President Bani-Sadr and Mr. Qotbzadeh want the release of the hostages, but once again, Washington probably saw no reason to play along.

Panama, also may have thought, it would be embarrassing to find itself arranging the extradition of the Shah without any firm and workable promise of the hostages being released.

Such a deal would have needed the approval of Ayatollah Khomeini. Mr. Qotbzadeh saw him on Sunday, but there is doubt whether the subect was even raised.

Soames welcomed by Machel

BY BRIDGET BLOOM IN MAPUTO

PRESIDENT Samora Machel of Mozambique yesterday thanked Britain warmly for its part in "decolonising" Rhodesia when Lord Soames, the Governor, arrived in Maputo at the Mozambique leader's invitation.

President Machel, who played a vital background role in the recently completed elections in Rhodesia, told Lord Soames that he believed Mrs. Thatcher, the Prime Minister, headed "the best Government in Britain for 15 years."

Under the Conservative leader, President Machel said, Britain had had the courage to accept that it was the colonial power in Rhodesia and that it had to solve the problem. Mrs. Thatcher, the President added, had the necessary courage to do this and to keep her Government behind her. "What has been achieved is very important, not only for the new Zimbabwe but for the whole of southern Africa."

Lord Soames flew to the Mozambique capital from Salisbury and, accompanied by Sir Anthony Duff, the deputy Governor of Rhodesia, went straight into talks with President Machel. Visiting journalists were invited to meet them afterwards on the lawn of the former Portuguese Governor's palace, where they strolled in high good humour—President Machel, in African fashion, holding Lord Soames's hand.

However, the exchange of jokes appeared somewhat constrained by the inability of either man to speak the other's language and the problems of the translator in keeping up. They discovered too late, as President Machel enjoined Lord Soames to celebrate in champagne "the fall of Smith and the fall of Muzorewa" and Lord Soames replied with a toast to "the victory of the people of Zimbabwe" that each spoke French.

Samora Machel: *praise for Thatcher courage*

It is understood that neither the President nor the Governor raised detailed questions concerning British aid to Mozambique.

The main purpose of Loard Soames's visit to Mozambique is thought to be bilateral relations between London and Maputo which have been strained in the past because of the difficulties in resolving the problems of Rhodesia.

President Machel will probably request fresh aid from Britain for his attempts at putting his country's economy back on a sound footing. In recent statements, it has become clear that Mozambique is moving towards warmer relations with the West.

At present there is a Mozambican aid delegation in London to discuss how to use undisbursed loans offered to Mozambique before 1978 which amount to £10.5m. Britain has committed a total of £22.5m to the country since it achieved independence from Portugal in 1975.

There is little doubt that, as President Machel said yesterday: "There is now a firm foundation on which to build future relations and co-operation."

AP adds from Salisbury: Thousands of Rhodesians were without bread yesterday after a bakers' strike on Sunday, which came amid growing reports of post-election labour unrest.

All 300 workers who struck for more pay at Lobel's Bakery were back at their jobs yesterday, but 106,000 loaves were lost, causing shortages in many parts of Salisbury.

The bakery walk-out followed similar strikes by thousands of workers last week.

Chad ceasefire fails to take hold

BY OUR FOREIGN STAFF

FIGHTING again broke out in N'djamena, capital of the central African republic of Chad, yesterday between rival Moslem factions, according to reports reaching Paris.

A fragile ceasefire agreed on Sunday between the main rival groups led by President Goukouni Oueddei and the Prime Minister, Mr. Hissene Habre failed to hold. But reports said the fighting was not as intense as on two previous days, probably because the two sides were running out of ammunition.

It is estimated that some 1,000 to 1,500 men were involved in the fighting but there were fears that it might escalate as both groups called in reinforcements from outside the capital.

There were also reports that the deputy President, Col. Wadal Abdelkader Kamoogue, might throw his support behind the President.

The deputy President is leader of the 2m Christian and animist blacks in the South of the country who were in control of Chad until August last year when it was wrested from them by the Moslem North represented by President Goukouni and Hissene Habre. Since then, the northerners have been fighting each other for supremacy.

PYE TMC

One of four great names contributing to a whole new world of knowledge within Philips Business Systems

The Pye TMC arm of Philips Business Systems supplies the most advanced range of telephone instruments and exchange equipments.

The company is a major supplier to the British Post Office and is currently engaged in the development and manufacture of a complete family of new generation telephone systems and instruments, and also of business communication terminals for viewdata information systems.

Now, together with its partners–Philips Data Systems, Philips Business Equipment and Pye Business Communications–Pye TMC contributes to a dynamic range of products spanning the whole spectrum of modern business systems.

For full information on the latest in communications, office computers, distributed data processing, financial terminal systems, word processing, dictation equipment or management systems, contact Philips Business Systems–and meet the demands of tomorrow's office today. Write or 'phone:

Philips Business Systems, 1 Bell Street, Maidenhead, Berks. SL6 1BU. Telephone: Maidenhead (0628) 39131.

PHILIPS

Simply years ahead

PHILIPS

Kennedy and Bush face decisive polls

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

TODAY'S presidential primary elections in New York and Connecticut are probably two of the last chances for Senator Edward Kennedy and Mr. George Bush to thwart the apparently remorseless drives of President Jimmy Carter and Mr. Ronald Reagan towards their respective parties' Presidential nominations.

For Mr. Kennedy in particular, failure in these two states, which both constitute inherently favourable ground for him, almost certainly means the end of the line regardless of what happens a week from now in Wisconsin.

New York will send 282 delegates to the Democratic Party convention in August, Connecticut a further 54. Mr. Carter, with another sweeping triumph in the weekend's caucuses in Virginia under his belt, now has approaching 700 delegates, while the Senator has won not much more than 200 of the 1,666 he would need for the nomination.

Senator Edward Kennedy is joined by his wife, Joan (centre), and Mrs. Jacqueline Kennedy Onassis at a campaign function in New York before today's primary.

Just about every issue, foreign and domestic, is on the Senator's side in New York. Considerable disaffection with President Carter's approach to Israel ought to show up in the voting of New York Jews, who make up about one third of the state's Democratic voters and a higher percentage of the politically active, while the state's cities are patently worried about where the Administration's budget-cutting axe will fall.

Although the northern part of the state is considered solidly in the President's camp, there is no greater repository of Kennedy-style liberalism than New York City itself. Mr. Carter has sent his usual stream of surrogates to New York—and has made himself, international crises notwithstanding, available to the New York media in the White House—but centre stage has been left firmly in the care of Mr. Kennedy.

Yet, according to the latest New York Daily News opinion poll out yesterday, the Senator is still 20 points behind the President, a narrowing of an earlier wider gap but still formidable.

In Connecticut, as well as in New York, the President's strategists have been adept in lining up endorsements from prominent political figures and their machines. This may help offset the natural regional advantage Mr. Kennedy enjoys in a state bordering his own Massachussetts, scene of his only primary victory so far this year.

On the Republican side, the New York ballot is extremely complex. There is no simple preferential vote, but merely a contest among delegate candidates, who are not allowed to state on the ballot to whom they are pledged. The test, therefore, becomes one of pure organisation and education.

For Mr. George Bush, New York and his native Connecticut were always supposed to be his territory, especially the latter, represented in the U.S. Senate for ten years by the candidate's father, Mr. Prescott Bush.

But in Connecticut, Mr. Bush is apparently being squeezed by Congressman John Anderson in the contest for the state's 35 convention delegates, while in New York, which has 123 delegates, Mr. Reagan's organisation is showing considerable strength.

British computer exports show increase of 32%

BY GUY DE JONQUIERES

BRITAIN'S computer exports grew by almost 32 per cent last year, outstripping a 24 per cent rise in imports and narrowing the national deficit on trade in computers to £195m from £257.7m in 1978.

Customs and Excise figures show that exports of complete computer systems performed particularly strongly, more than doubling in value to £177.5m from £69.1m in 1978. Exports of peripherals and related equipment rose to £639.6m from £487.6m.

The European Community proved to be the most rapidly expanding market. Exports of complete computer systems to other EEC members tripled in value to £111.7m.

Within the EEC, West Germany displaced France as the biggest purchaser of British computer systems. German purchases rose to £50.9m from only £7.1m, while exports to France totalled £26.3m, up from £11.9m in 1978.

Among Britain's other major trading partners Australia was the only country to which exports were lower in value terms last year than in 1978, though exports to the U.S. remained flat at less than £2.5m.

Though the £7.3m deficit on trade in complete computer systems in 1978 was turned into a £80m surplus last year, it was outweighed by a continuing deficit of £275m on trade in computer peripherals and related equipment. That was slightly bigger than the £250m deficit in 1978.

Britain has traditionally been weaker in the manufacture of peripherals and components than of mainframe computers. Though ICL, the country's biggest computer manufacturer, makes most of its products in the UK, it is heavily dependent on overseas suppliers, particularly in the U.S., for many of the parts which it puts into them.

The UK balance of trade in complete computer systems was positive last year with all major national trading partners except the U.S. and Ireland. But the deficit on trade with these two countries, almost £57m, exceeded the surplus with France and West Germany, the UK's two biggest national markets.

The deficit of almost £16m with Ireland may seem surprising and is largely due to a surge of imports manufactured at a plant established by Digital Equipment, the American minicomputer manufacturer.

Fragile coalition backs Carter's budget cuts

BY DAVID BUCHAN IN WASHINGTON

A FRAGILE two-party coalition of middle-of-the-road Democrats and Republicans has begun to emerge on Capitol Hill in favour of President Jimmy Carter's swinging spending cuts to balance the 1980-81 budget that begins on October 1.

But the prospects for the tax increases the President wants—10 cents extra on a gallon of petrol, a witholding tax on dividends and interest, and minor excise tax increases—look gloomier and could yet jeopardise the goal of a balanced budget.

When Mr. Carter unveiled his counter-inflation package he said it would include a $13bn reduction in 1980-81 spending but the details will not be revealed until the end of this month.

In the absence of specific Administration requests, Congress has moved ahead on its own. Last week the House Budget Committee passed a resolution that would pare overall spending by $16bn from Mr. Carter's original $615.8m proposal made in January.

The Senate Budget Committee is to embark on similar action this week. But—as the U.S. financial community which is closely watching to see how the President's words of budget restraint translate into law well knows—there are many possible pitfalls before the new budget is finalised in early autumn.

For a start, all the individual appropriations committees—in both houses will have to conform to the new overall budget spending limits — something they find notoriously difficult when it comes to funding decisions on their various pet projects.

Second, the fragile coalition that emerged last week in the House Budget Committee under Representative Robert Giaimo, its Democratic chairman, may come unstuck when the new budget resolution reaches the house floor. The committee does not include a large body of liberal Democrats who are furious at the proposed cuts in social programmes that a $16bn spending cut would entail.

The Administration is known to support the thrust of the Giaimo resolution, but is also expected to try to restore a minimum of $500m in aid to cities. The Administration may at that point lose the support of Republicans, who represent fewer big cities than Democrats and would prefer to see such money go to defence instead.

A major criticism of the Carter package by the Wall Street financial community was that it contained nothing to curb this year's deficit spending by the Federal Government. Public borrowing in the 1979-80 fiscal year is expected to top $40bn, making the proposed transition to a balanced budget next year all the sharper.

As a small sop, the Administration is now apparently about to propose a $2bn cut in this year's spending—partly by withdrawing some money requests from Congress and partly by asking Congress to stay its hand on $700m already voted.

Spending reductions have become part of Republican Party orthodoxy included in just about every policy platform. It is for this reason that liberal Democrats are deeply wary about going all the way with a balanced budget just before the November elections when they would have to appear in Republican clothing.

Tax increases are a very different matter, and most Republicans are expected to oppose them strongly. But, in addition, Senator Russell Long and Representative Al Ullman, the Democratic chairmen of the tax-writing committees in the Senate and House, have expressed strong doubts about the chances of Mr. Carter's tax proposals getting through.

Their support is crucial to the Administration. But in the case of Senator Long, his opposition to the petrol tax increase seems virtually guaranteed since he comes from a major oil-producing state, Louisianna.

OBITUARY

Arthur Okun, liberal U.S. economist

By Our Washington Staff

MR. ARTHUR OKUN, one of the most influential liberal economists of his generation, died of a heart attack here on Sunday at the age of 51.

Mr. Okun was chairman of President Lyndon Johnson's Council of Economic Advisers in 1968-69, the youngest man so far to get the post, having divided the decade between the council and his professorship at Yale University. For the past 11 years he had been a senior fellow at the Brookings Institution, the U.S.'s best-known liberal economics think tank.

Although never a cast-iron ideologue he was generally considered to be a Keynesian in his approach to economic problems. As such, he had been the constant adviser to Democratic Party politicians over the years

In an eclectic and prolific career, it would be invidious to pick out a single contribution. But, in the opinion of many, he was indelibly associated with what became known as "Okun's Law" which stated that for every three percentage points increase in the rate of growth over and above the economy's long-term growth trend, unemployment would fall by one percentage point.

The phenomenon of stagflation in the 1970s threatened to undo Okun's Law, and his last great, and at his death unfinished, work was a comprehensive analysis of stagflation. It will be published posthumously.

Mr. Okun was als oa believer in the "right sort" of incomes policies: in recent years, he had advocated a tax-based incentives approach.

As a maker of policy, his most noteable role was his persistent, but only belatedly successful, attempts to persuade President Johnson that the cost of the Vietnam War could only be met through a tax increase.

He started with Mr. George Perry in 1972 the series known as the Brookings Papers, which sought to bridge the gap between theoretical economics and practical government decision-making.

In Washington, Mr. Okun carved out a particular reputation. His humour and humanity, allied with his vast experience and technical expertise, were distinctive in an increasingly grim and faceless capital city.

IATA call for help on airline fuel costs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines are stepping up their pressure on governments to help ensure that their fuel needs will continue to be met during the 1980s at the best possible price.

The airlines, members of the International Air Transport Association, consume less than 4 per cent of total world crude oil consumption.

But they are having to pay more than they believe is necessary for it, as a result of wasteful government practices, such as making air routes longer than is necessary, and failing to improve air traffic control techniques.

The airlines argue that between 1978-79 and 1979-80, their total fuel bill will more than double from $3.32bn to more than $7.4bn, with an average price of 83.5 cents a U.S. gallon.

Further rises in the pipeline will probably raise the total bill in 1980-81 to well over $9bn, and the average prices per gallon to well over $1.

By introducing operating economies, the airlines say they have been able to increase their performance by 54.5 per cent between 1974 and 1979 in terms of tonne-kilometre flown, while fuel consumed rose by only 30 per cent.

"International airlines believe that now is the correct time to give special consideration to the role of commercial aviation in the development of world trade, recognising that the airlines are showing great responsibility in voluntarily improving their fuel efficiency and not passing on to the public the total effect of fuel price increases," says the IATA.

● Pratt and Whitney of the U.S. has won new engine orders worth $110m for Boeing 767 semi-wide-bodied airliners for Western Airlines of Los Angeles and China Airlines of Taiwan.

Saudi Arabia to buy guns from Austria

By John Close in Jeddah

SAUDI ARABIA plans to buy SR 200m (£27.3m) worth of rifles and machineguns from Austria. Prince Sultan, the kingdom's Minister of Defence, announced the arms deal after talks with Mr. Otto Roschel, the Austrian Defence Minister, on Sunday.

Prince Sultan, who inspected Austrian armaments during his visit there last year, also said, "if it proves suitable, Saudi Arabia will discuss the joint production of such arms with Austria." This would mean the first Saudi move away from her traditional U.S., British and French sources of arms.

The kingdom has had trouble managing the vastly different equipment in its armed forces. The army is supplied by the U.S. and France, the national guard and Royal Saudi Air Force by the U.S. and Britain, and the tiny navy by the U.S.

The Ministry of Defence has been working this year with a budget of SR 56bn, by far the lion's share of funds for the fiscal year which ends in May.

Argentina to press ahead with N-plans

By Robert Lindley in Buenos Aires

ARGENTINA this week continues its drive to open the way for the next stage in its nuclear development.

A West German mission arrived in Buenos Aires at the weekend ostensibly to put the final touches to an agreement signed last year between Argentina and West Germany's Kraftswerke Union for the installation of Argentina's third natural uranium nuclear power plant.

Last week a senior official of West Germany's Foreign Ministry was in Buenos Aires for talks with the Argentinian authorities on an accord whereby the Bonn Government would give permission for the export of the KWU pressure vessel reactor for Atucha Two. Bonn had been insisting on certain safeguards from Argentina and it is now understood that these have been promised.

Argentina and the Swiss firm, Sulzer Brothers, signed a contract 11 days ago for the installation of the first heavy water plant in Latin America at Arroyito near the Andean city of Neuquen.

Once this plant is installed, Argentina's nuclear development aspirations will become virtually uncontrollable.

Separatists gain as Quebec referendum campaign starts

BY ROBERT GIBBENS IN MONTREAL

THE GOVERNING Parti Quebecois has made a stormy tactical gain on the wording of the referendum it hopes will give it authority to negotiate a new status for Quebec in the Canadian constitution.

The success came in a three-week debate in the National Assembly in Quebec City on the wording of the referendum. The debate has left doubts among opposition Quebec Liberals about their own strategy.

Televised in full on the provincial network, the debate ended late last week with approval of the Government's wording of the question with only a slight technical change. This makes it clearer that any constitutional change negotiated by a Parti Quebecois Government with the Federal Government and the other provinces would be subject to a second referendum.

The referendum campaign has begun but the voting date may be advanced to mid-May.

The Parti Quebecois used the debate as a curtain-raiser for its campaign to persuade people to vote yes in the referendum to give the Government a mandate to negotiate sovereignty-association with the rest of Canada. Sovereignty essentially means Quebec making all laws and levying all taxes, while association means a Common Market-type link with the rest of Canada, with a common currency and a common monetary policy.

Mr. Ryan: policy paper used against him

The Parti Quebecois, spurred by the loss of four key by-elections to the Liberals, made careful preparations for the debate knowing it would be televised. Premier Rene Levesque led off in his most statesman-like style.

The Liberals were not able to reply effectively to the Government's appeal to Quebecois emotions and did not succeed in taking the offensive except at a few points in the long debate. The party presented a disorganised approach.

In mid-debate, Premier Peter Lougheed of Alberta paid a visit to Montreal for talks on energy with Mr. Ryan. He stated Mr. Ryan's "Beige Paper" on constitutional change, the Quebec Liberals' answer to the Parti Quebecois Government's White Paper on sovereignty-association, would be a starting point for federal-provincial negotiations.

The significance of this visit became drowned in the rhetoric of the debate, and the Parti Quebecois managed to turn the "Beige Paper" around on Mr. Ryan, saying it amounted to a return to the status quo before the "quiet revolution" of the early 1960s led by Liberal Premier Jean Lesage.

India reconsiders fertiliser plant bids

BY D. P. KUMAR IN NEW DELHI

THE INDIAN Government has revised an earlier decision to award to C. F. Braun of the U.S. the contract to build four big ammonia and urea plants on the west coast, and have re-opened the bidding to other foreign companies.

Apart from C. F. Braun offers had been submitted originally by Humphreys and Glasgow of the UK, Kellog of the U.S., Toyo Engineering of Japan and a Dutch company.

According to officials, the Government has set up a committee to review all the offers and a final decision is to be made shortly. The original offers were considered by the previous government and it was during the tenure of the caretaker government, headed by Mr. Charan Singh, that C. F. Braun was asked to set up all four plants on the condition that the technology would be fully transferred to the public sector organisation, Fertiliser (Planning and Development) India Limited within eight years.

The project consists of a 1,350 tons per day ammonia plant and a 4,400 tons a day urea plant at Thal-Vaishet in Maharashtra State and a similar twin project at Bajira in Gujarat States.

It now seems C. F. Braun will only be awarded the contract for the Thal-Vaishet plants, while the Hajira plant contracts may go to other companies.

Ford Portugal talks advance

By Jimmy Burns in Lisbon

NEGOTIATIONS between Portugal and Ford Europe over a projected $1.4bn assembly plant are expected to be finalised by next summer.

Last week a delegation led by Mr. Jan Candries, the head of Ford's Brussels-based Department for Governmental Affairs, arrived in Lisbon for a close look at Portugal's political scene. Before leaving, he said he believed the prospects for medium- and long-term stability were good.

The proposed plant is planned to produce the company's Erica model, the replacement of the Escort.

W. Germans win £49m Polish deal

BY ROGER BOYES IN BONN

ORENSTEIN UND KOPPEL, the Dortmund-based engineering concern has won a Polish order worth more than DM 200m (£48.8m) for four large bucket wheel excavators — a further sign that trade between Bonn and the Comecon countries is continuing apace in spite of East-West tension.

The excavators, ordered by Kopex the Polish foreign trade agency, are due to be delivered in 1983 and will be used at two open-pit lignite mines. O und K and Polish machine construction officials have also agreed on long-term co-operation on the joint production of new mining equipment.

The deal reflects Poland's desire to ensure the opening up of new lignite deposits in the mid-1980s, ensuring both domestic energy needs and export requirements. Three of the bucket wheels — with an effective output of 11,000 cubic metres/h each — are destined for an open pit mine at Szczercow, south-west of Warsaw. The other will be used at Konin, another new development, some 150km west of Warsaw.

In spite of the Afghanistan intervention, Poland has been playing a particularly active role in West Germany's trade with the East over the past three months. Krupp-Koppers has signed a deal for a coal-gasification plant to be built near Katowice and Count Otto Lambsdorff, the German Economics Minister, recently agreed to offer Government guarantees to Poland for general purpose commercial credits worth DM 500m.

Sri Lanka pins its hopes on investment zones as catalysts for growth

BY KEVIN RAFFERTY IN KATUNAYAKE

A RED earth track, wide as a highway, runs into a dishevelled coconut grove; bulldozers rumble; a few new buildings stand out starkly white against the natural greens; uniformed security men stand on the alert. It might be a set for a science fiction movie.

It is not. It is the great hope for pulling Sri Lanka out of its economic lethargy, a provider of jobs, industrial expertise, trade and foreign exchange earnings: it is the Katunayake Investment Promotion Zone.

Katunayake has been widely publicised in the international Press with full-page advertisements boasting "Sri Lanka is a foreign investor's dream . . . Complete infrastructure facilities . . . Unprecedented tax incentives . . . A rare opportunity to earn more profits, 100 per cent tax free . . . An abundance of bright, educated workers."

However, it is 18 months since the first agreement was signed for the zone, and foreign bankers in Colombo say that potential investors have lost some of their enthusiasm in spite of the lure of tax holidays for up to 10 years and cheap and educated labour. "There are questions, not all of them answered," one of them commented.

On the other hand, Mr. Godege, Secretary-General of the Greater Colombo Economic Commission which runs the zone, claims that there has been "a colossal number of inquiries. It is a little difficult to speak of figures without infringing modesty." But he does concede that the Commission is shifting "away from the buckshot approach of general seminars and towards a direct approach to companies and industries we want to attract to the zone."

For Sri Lanka, the creation of the investment zone was a gamble to free the country from years of low growth which had resulted in 700,000 unemployed and underemployed, and an annual increase in the labour force of around 125,000, far outnumbering the new jobs available each year.

Other South Asian countries are watching to see if the Katunayake experiment will prove the tantalising catalyst to growth that has eluded South Asia. Bangladesh and Pakistan are planning their own free trade zones in the hope that they might begin to emulate countries like Singapore, South Korea and Taiwan, with export success, high growth and prosperity.

Reality in Sri Lanka has not proved as glossy as the advertisements, though more promising than the chaos of Katunayake might suggest.

Some factories are already turning out goods for export. One of these, Cosmos Macky Industries, produces jackets for C and A in Europe and for the U.S. under the "Curlytop" brand.

Altogether, says Mr. Godege, 94 projects have been approved and over 40 agreements signed, with about a dozen factories already providing 6,000 jobs. Employment will rise to 20,000 by the end of the year and to about 35,000 by 1982.

He reels off a list of nearly 30 countries and a whole variety of industries among projects approved: Australia, Fiji, France, Hong Kong, India, Japan, South Korea, Liechtenstein, Malaysia, Saudi Arabia, Singapore, the UAE, the UK, the U.S., West Germany. Industries cover building materials, cashew processing and oil, coir products, fishing gear, footwear, garments, rubber products, sailing craft, textiles, teabags.

The list is impressive. But there is a preponderance of textiles, numbering 30 in the approved list and forming a much higher percentage of the factories actually in operation. Katunayake is also heavily dominated by small companies, many of them on the run from quota restrictions in Hong Kong or South East Asia. (Sri Lanka does not face textile quotas—yet.)

"We are grateful for small mercies," commented Mr. Godege, while underlining the need to lure into Sri Lanka international names and products. None of the world's export leaders, not even electronics products, has landed at Sri Lanka yet.

Companies which have commenced operations grumble about the setbacks they faced. Construction of factories has been erratic. In some cases work has gone smoothly, taking only two or three months from the signing of the agreement to the opening of the factory: but in others ground preparation has been time-consuming, and building further delayed by cement shortages.

The general feeling is that the Greater Colombo Commission has skimped on the infrastructure facilities. The colourful brochure boasts of the Plaza, housing offices, banks, customs and post offices, but it remains on the drawing board. Roads in the zone have yet to be adequately surfaced because, said one official, if the roads had been made up, bulldozers preparing factory sites would have destroyed them. He was not sure why the land could not have been prepared in readiness; perhaps the Commission lacked the resources or the confidence.

Officials make much of the fact that the Katunayake zone is literally just across the road from Sri Lanka's international airport, but factory managers say they would only air freight if they ran into extreme difficulties with an order. Sea freight was much cheaper, but the rail container terminal has not been completed yet, and there are disputes over where the containers should be filled, whether the roads and bridges into Colombo can bear the strain of full container loads, arguments over port delays and heavy port charges.

An educated labour force may also pose problems for multinational companies, particularly in the area of trade unionism. The promotional literature, citing Business Asia, says that Sri Lankan workers rank second only to Singaporeans in terms of relative productivity, just ahead of Filipinos and far outrunning the Taiwanese, Malaysians, Thais and South Koreans. "This performance," says the Commission, "is due to low cost labour, high rate of literacy and responsiveness to new methods and techniques of production."

In practice it takes time to train and accustom labour to an industrial environment. A banker with wide experience of Asia commented: "Although there is plenty of labour available, there is a limit to the numbers of people living close to Katunayake. There are already complaints about transport and the shortage of accommodation. The Commission should have foreseen this problem and built hostels, a responsibility which has now landed on the employers' laps."

One should not brood overlong on these difficulties. Sri Lanka is a most pleasant place: not for nothing was it called Serendib, the origin of the English word "serendipity"—the faculty of making happy and unexpected discoveries by accident. Adult literacy, at 88 per cent, is the highest in Asia, excluding Japan. Wages are low, around $1 a day for most skilled workers.

David Balado Lau, factory manager at Cosmos Macky Industries, says that after several months of operation his workers have achieved "70 to 80 per cent of Hong Kong efficiency in basic styles. They are better on big orders where they have time to pick up speed."

For Sri Lanka, the investment promotion zone has got off the ground. It needs sorting out, consolidation and renewed impetus. As far as its export or industrial ambitions go, it is still early days. Sri Lanka has great expectations. Two more investment promotion zones are already being planned.

UK NEWS

Tax plans could hit Statfjord profits

BY SUE CAMERON

THE North Sea's biggest oil field—Statfjord—could become only marginally profitable if plans to increase taxes on crude sales go ahead, according to companies with interests there.

The Norwegian Government proposes to raise the total tax on oil revenue from its North Sea sector from 69.2 to 81.3 per cent. The UK Government is expected to adjust its oil taxes in tomorrow's Budget by increasing the basic rate, reducing allowances or both.

The oil companies said yesterday the Norwegian increases would cut rate of return on the field from 24 to 17 per cent. If the price of crude fell in real terms, Statfjord would become only marginally profitable.

The companies include Statoil, the Norwegian state oil group, Mobil, Esso, Shell and the British National Oil Corporation. They are taking steps to increase short-term production at Statfjold to improve the rate of return in face of the tax plans.

Mr. Henrik Ager-Hanssen, executive vice-president of Statoil, said the two consortia involved (one for the UK, one for the Norwegian sector) had asked the Norwegian Government for permission to effectively double the amount of gas being flared temporarily until the gas injection system becomes operational. This is expected to be May.

Norway has set an upper limit on the amount of gas flared. This means only 60,000 barrels of oil a day can be produced from the four wells in operation, although their capacity is nearer 120,000 barrels. But this would require flaring twice as much gas.

Mr. Ager-Hanssen said the Statfjord group would decide whether a gas pipeline should go to Norway, the UK or the Continent later this year. Recommendations for a gas-gathering system put forward by Mobil and the British Gas Corporation would strengthen the case for all Statfjord's gas to be landed in the UK. But the crucial factor would be the price potential buyers were prepared to pay.

The consortia's other step is to ask Norway to allow them to drill and produce oil from the same platform. The Norwegian Government has banned this on safety grounds, although it is done in the UK's North Sea sector. Simultaneous drilling and production would mean oil would be kept flowing from a larger number of wells.

● A new British-owned oil company, Venture Oil, was set up yesterday, to apply for exploration licences in the forthcoming seventh round of applications for the UK North Sea and English Channel areas. Shareholders include insurance companies, pension funds, investment trusts, private investors and industrial concerns. Premier Consolidated Oilfields has been appointed manager.

Hugh Routledge

London's latest museum, housing London Transport's historic vehicles collection, is to be opened by Princess Anne in the former flower market at Covent Garden on Friday.

Star attractions are expected to be the first London horse bus, introduced by George Scillibeer in 1829, and the world's first underground electric rail car. The rail car is the 90-year-old "padded-cell" design, so-called because of its lack of windows and the plush upholstered seats.

The collection has been moved from Syon Park, Brentford.

More schedule flights start from Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGER and cargo traffic at London's Gatwick Airport is expected to increase substantially this year, with 24 new scheduled services due to start in the coming months.

In early April, British Airways starts flights to Stockholm, Scandinavian Airlines System to Oslo and Philippine Airlines begins a Jumbo jet service to and from Manila.

British Airways will also start services to Bologna in Italy, while both BA and the Civil Aviation Administration of China are expected to begin flights between Gatwick and Peking, although precise starting dates are not yet known.

Air Zimbabwe start services to Salisbury, Rhodesia, on April 3, while at the end of the month British Caledonian will start flights to St. Louis in the U.S., followed by a schedule to Atlanta, Georgia on June 1.

Other new services planned for this spring and early summer include a Dan-Air service on May 1 to Munich, and a Pan Am service from July 1 to Houston.

Later in the year, Garuda of Indonesia will start flying to Djakarta, British Caledonian expects to start flights to Hong Kong, and from November 1 British Airways will transfer its remaining flights to and from the Iberian Peninsular from Heathrow to Gatwick. This will add Barcelona, Bilbao, Lisbon, Madrid, Oporto and Valencia to the Gatwick list.

Over the next few years, further expansion between the U.S. and UK is now certain following recent Government agreements on new air services.

Schedules to Miami, Boston, Denver, Anchorage and possibly also Minneapolis/St. Paul are expected later this year.

Talks on Ulster's future adjourned

BY STEWART DALBY

THE CONSTITUTIONAL conference on Northern Ireland adjourned yesterday for an indefinite period amid strong indicators that the Government is planning soon to formulate its own proposals for limited devolution. This follows the failure of local politicians to agree on any effective form of power-sharing.

Mr. Humphrey Atkins, Secretary of State for Northern Ireland, announcing the adjournment, would say only that he was now planning to report on the progress to his Cabinet colleagues.

All along he has insisted that the conference was never intended to find instant solutions to the constitutional limbo. There is no local authority between the all-powerful Secretary of State and the almost impotent 26 district councils.

Rather than reporting to the full Cabinet, Mr. Atkins will be conferring with the so-called ad hoc advisory committee on Northern Ireland, which consists of Mr. William Whitelaw, the Home Secretary, Mr. Francis Pym, Defence Secretary (both of whom were former Secretaries of State for Northern Ireland) and Mr. Norman St. John-Stevas, leader of the House.

Repugnant

The suggestion at Stormont is that this committee will formulate proposals for some of political devolution.

The proposals could be included in the Queen's speech next November and then submitted to an Ulster referendum.

There was no confirmation last night that the Government has specific proposals in mind. But at a Press conference, Mr. Ian Paisley, the main Unionist delegate, said: "The British Government will bring in proposals which in some respects will be repugnant to the Unionist people and which in some respects will be repugnant to the Social Democratic and Labour Party as well."

Mr. Paisley indicated he was very confident that the conference would be reconvened and that Government proposals would be forthcoming.

Electricity board uncovers £250,000 fraud by workers

BY JAMES McDONALD

AUDITORS in the South Eastern region of the Central Electricity Generating Board have uncovered a fraud by some workers employed by several private contractors to the regional board. The Board estimates that by claiming for hours not worked and for jobs not done over a two-year period the men have collected about £250,000.

When the falsifications of time sheets were discovered the CEGB was informed and other regional boards were alerted. But a CEGB spokesman said yesterday that investigations had produced "no evidence that this type of fraud had been carried out in other regions."

The fraud was found after a computerised check on people coming into work and departing at the region's 12 power stations.

The regional board said yesterday that there was no suggestion that the contractors themselves had been party to the falsifications. The contracted work was on a "cost plus" basis — payment for the time and materials involved together with an agreed fee — and the contractors had merely submitted the time sheets they had received with their claims.

The regional board is now trying, where possible, to have similar contracted work done on a fixed price basis. The jobs had been mainly ancillary contracts to major maintenance work at the power stations and because of the difficulty in estimating in advance the time and amount of materials needed the "T and M" basis had been chosen.

The regional board had asked contractors to repay the money involved. A certain amount had been received. But some contractors were objecting to payment of a fairly large proportion of the money. Negotiations were continuing, but the board has no intention, at this stage, of naming the contractors.

Of the £250,000 total, about two-thirds represented contract work at the region's two largest stations at Kingsnorth, Kent, and West Thurrock, Essex, with the remainder spread over the region's other 10 stations.

Sainsbury in credit card scheme trial

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. Sainsbury supermarket group plans, for the first time and for a trial period to allow the use of credit cards in some of its stores.

Sainsbury has traditionally refused to offer credit facilities in its supermarkets even when, in recent years, other supermarket groups have offered their own credit cards.

But the increasing willingness of shoppers to use credit cards for both food and non-food shopping has forced Sainsbury to launch its own experiment with credit card facilities.

Sainsbury intends to allow Access and Barclaycard to be used in six of its large supermarkets and two freezer centres. Other supermarket groups, such as Tesco and Asda, have also recently agreed to allow both cards to be used although both run their own in-store credit card scheme.

Supermarkets have found that with the present pressure on consumer spending, it is necessary to allow shoppers all methods of payment.

The six Sainsbury's supermarkets to operate the scheme from April 14 are: Coldham's Lane, Cambridge; North Cheam, South London; Lord's Hill, Southampton; Broad Marsh, Nottingham; King's Heath, Birmingham; and Broadfield, Crawley. The two freezer centres are at Dulwich and Lewes.

Gareth Griffiths writes: The food industry is likely to be dominated by a small group of powerful manufacturing and retail groups by the mid-1980s with smaller manufacturers coming under increased pressure, according to a forecast by stockbrokers Hoare Govett.

In a survey of the industry, Hoare Govett suggests that the pressures on profitability will continue, falling mainly on the smaller manufacturers and retailers.

North Sea oil 'too dear' say brokers

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA OIL companies are charging more than $3 a barrel above the true market value for their crude oil production, according to a new report on the offshore industry.

The claim, made by London stockbrokers Fielding, Newson-Smith, was denied by oil companies yesterday. Nevertheless, the assessment could still be embarrassing both to the industry and to the Government which has been closely associated with price-setting.

The brokers have analysed the worth of a range of crude oils on the basis of the various refined products that they can provide and the price of these products.

The report finds that while Saudi Arabia's light crude oil is far "too cheap" in relation to oil from other areas, North Sea oil appears to be too expensive. It is said to be even more over-priced than crude oil sold by Iran, a leading high price producer within the Organisation of Petroleum Exporting Countries.

Nigerian and Kuwaiti crudes are said to be "correctly" priced. As Fielding, Newson-Smith points out, the prices of North Sea and African producers are closely linked. Both areas produce light, high quality crude oil, although, according to the report, on balance African oils yield a higher proportion of higher-priced products than North Sea crudes.

Bonny Light crude oil, produced in Nigeria, now costs $34.20 a barrel whereas the output from Phillips Petroleum's Ekofisk Field, in the Norwegian sector, is priced at $34.50. The "marker" price for UK North Sea oil—based on Forties Field crude—is $33.75.

The brokers claim that Ekofisk oil is $3.18 a barrel over-priced. Other North Sea crudes, although being sold at lower prices, were even more over-priced because of their inferior quality, the report states.

The report will embarrass the Government because in recent months it has played a key role in North Sea oil pricing policies. In particular, it instructed British National Oil Corporation, the State oil undertaking which has considerable influence over UK oil prices, to adopt a moderate pricing stance and to follow world trends rather than lead them.

BNOC commented yesterday: "The present prices of North Sea oil are, we believe, very much in line with current international market prices."

Other companies also disputed that North Sea oil was over-priced. The industry pointed out that UK oil had traditionally been sold at prices a little below those charged by Nigeria. This was the present situation.

Telegraph to print in Dockland

By John Lloyd

THE printing of the Daily Telegraph and the Sunday Telegraph is to move from Fleet Street to a five-acre site in London's Dockland.

The announcement yesterday follows a similar decision by News International, the publisher of the Sun and the News of the World, which will develop a plant close by.

But unlike News International, the Telegraph move is likely to be a limited one. The paper said editorial, management, advertising and composing activities would remain in Fleet Street, with only printing moving to Wapping Lane.

It was not clear whether the text would be transmitted from Fleet Street to the new plant by means of facsimile, though it is likely to be at the top of the options being considered. Discussion with the unions is now going on to determine the precise allocation of work between the two sites.

The Telegraph said a major reason for the move was to enable it to print newspapers with more pages than at present. The paper has sustained much of its increase in circulation achieved during the 11-month stoppage at Times Newspapers, showing a circulation of more than 1.45m last month compared to 1.43m in January and an average of 1.37 in the second half of 1978.

German machinery plant in Ulster to close

BY OUR BELFAST CORRESPONDENT

A GERMAN-OWNED injection-moulding machinery manufacturer is to close its factory at Craigavon, Northern Ireland, with the loss of 120 jobs.

Demag Plastics Processing Machinery, a subsidiary of Mannesmann Demag, said the closure after 13 years of operations in Ulster was part of a rationalisation brought about by rising production costs and stiffer competition.

The company said it was to confine production to a single range of injection moulding machinery, and it would not be viable to divide the manufacture between Northern Ireland and its West German plants. The decision was no reflection on the performance of the Craigavon factory and its labour force.

Smuggling prevention cost £85m

By Gareth Griffiths

A SCHEME designed to prevent cattle - smuggling - between Northern Ireland and the Republic of Ireland cost £85m between 1975 and 1979 MPs were told yesterday.

The Public Accounts Committee heard evidence on the Northern Ireland meat industry employment scheme when Dr. James Young, Northern Ireland Agriculture Secretary, said the cost had escalated due to the weak position of sterling in the mid-1970s. It had been brought in to cover the difference in the value of the green pound in the Republic and Britain. It was now expected to cost £6m in the coming financial year.

Five thousand jobs in the slaughtering and meat processing industry in Northern Ireland had been saved by the scheme, Dr. Young said. Without it, cattle would have been shipped across the border illegally to the Republic to take advantage of higher prices there.

Independent truckmakers forced to cut output

PRODUCTION cuts have been forced on Britain's two independent truckmakers by slackening demand in recent weeks.

Fodens moved to a four-day week, at the beginning of the month, producing about 35 trucks weekly against a planned 50. ERF has cut back from 16 trucks daily to 14.

Registrations in the industry as a whole were holding up well through to mid-March. But the smaller companies may be seeing a trough in demand because of the steel strike.

"There has been a cutback in the past four to six weeks, generally from companies associated with the steel industry. There has been quite a slump in this sector," says ERF chairman Mr. Peter Foden.

He expects a swift resumption in demand with resolution of the strike, and will review production levels in two weeks.

Fodens has been the subject of takeover speculation since Friday, when its shares rose 5p to 31p. They rose another penny yesterday, to close at 32p. But Mr. Bill Foden, chief executive of Fodens, says he is not aware of any imminent bidder.

Reopening the job switch debate

JOHN ELLIOTT ON THE MOVE OF A TOP CIVIL SERVANT TO GEC

THE appointment of Mr John Lippitt, one of the Industry Department's top civil servants, to be group export director of GEC, will reopen the political controversy of whether civil servants should be allowed to switch into the private sector.

It is a controversy that has erupted regularly for nearly 50 years as large companies have employed civil servants, either in senior management positions when they are in their forties or fifties, or as non-executive directors on retirement.

The fear is that the civil servants can use their special knowledge of Whitehall and Government policies, and of the plans of other companies, to the advantage of companies employing them. Critics have also suggested that some appointments might appear to be made in return for services rendered by the civil servant while he was in Whitehall.

Since 1975 a special Government committee under the chairmanship of Lord Diamond, the former Labour Minister, has vetted such appointments and has sometimes proposed restrictions—for example that there should be a "quarantine period" of up to two years after a civil servant or former senior armed forces officer leaves Whitehall and enters private industry. Permanent secretaries automatically have at least a three-month "quarantine."

Most controversy usually occurs when top civil servants take up remunerative part-time posts on retirement. The case of civil servants moving in mid-career—such as Sir Alex Jarratt, now chairman of Reed International, and Mr. Alan Lord, now managing director of Dunlop—is often regarded more favourably.

Mr. Lippitt's appointment, however, is specially controversial, even though it has been approved by the Diamond Committee. Not only has he been at the centre of the making and execution of Government's industrial policy for some years, but he has also been involved in co-ordinating the efforts of GEC and other companies to win major power station contracts in Hong Kong.

It is this entrepreneurial activity that brought Mr. Lippitt, 51, to the attention of Sir Arnold Weinstock, GEC's managing director, who has apparently decided that his aggressive negotiating and co-ordinating skills will be of use in pulling together various export activities of GEC companies, especially in heavy engineering and electronics.

Sir Arnold is interested in maximising GEC activity in the Far East. This is likely to provide Mr. Lippitt with much of his initial work. In particular GEC wants to win contracts for Hong Kong's Castle Peak "B" power station which might be put out to international tender by China Light and Power.

Mr. Lippitt's co-ordination work in negotiating contracts for the Castle Peak "A" station brought more than £100m work to GEC. Now he will try to repeat the exercise working not from the Industry Department but from GEC's headquarters.

A former tax inspector who, unlike most other senior civil servants, refuses to be included in Who's-Who, Mr. Lippitt is a gregarious man who is well known throughout Whitehall. He is specially admired by younger civil servants for his forthright manner and for his interventionist approach to industrial policy.

Working with Sir Peter Carey, the Department's permanent secretary, Mr. Lippitt was one of the main architects of the last Government's industrial strategy, and designed the selective investment schemes which were aimed at encouraging industry to modernise itself and to expand its capital investment.

He has been one of the Department's seven deputy secretaries since May 1976, in charge of overall co-ordination of industrial and commercial policy. This has included administration of the Industry Act and of the National Enterprise Board as well as commercial work overseas.

He believes that State intervention is needed to act as a catalyst for the private sector, and his domain has consequently been reduced since the general election, although he has worked closely with Sir Keith Joseph, Industry Secretary and has also sparred with Mrs. Thatcher.

Now, with the personal blessing of both the Prime Minister and Sir Keith, he is going to GEC, attracted as many civil servants have been before by the opportunity to operate without the restrictions of Ministers and Parliament.

But at GEC Mr. Lippitt will have the difficult job of trying to co-ordinate activities of highly independent companies which will probably welcome his interference and help less now than they did when he was in Whitehall. Few activities are co-ordinated from GEC's headquarters so Mr. Lippitt's appointment, if it is successful, could be seen as a new development in the group's management structure.

Mr. Lippitt insists that he will not return to the Civil Service, although he believes there should be more interchange between Whitehall and industry. Nevertheless, it will be surprising if he does not quickly gain a spot in the Civil Service Department's list of the "great and the good," so earning himself consideration for the chairmanships of nationalised industries and other public sector posts in a few years' time.

City journalist Alexander dies

MR. STANLEY ALEXANDER, former city editor of the Sunday Express, Daily Express and Evening Standard, and editor of City Press, the City of London weekly until 1966, has died aged 84. He was a staunch advocate of free trade and a leading anti-Common Market campaigner. He leaves a widow and two sons.

Hilliard miniature sold for record £75,000

SALEROOM

BY ANTONY THORNCROFT

A MINIATURE by Nicholas Hilliard of the young Jane Boughton, painted in 1574, sold for £75,000, plus the 11.5 per cent buyer's premium and VAT, at Sotheby's yesterday. It was an auction record for a Hilliard and set a new high for any miniature, exceeding the £65,100 at Christie's in 1971 for one by Isaac Oliver.

The buyer was an anonymous private collector, and the vendor a descendant of Jane Boughton, who was probably a lady-in-waiting to Queen Elizabeth. The previous highest price for a Nicholas Hilliard was £64,000 bid in 1977. The auction of miniatures, gold boxes and objects of vertu totalled £322,500, with less than 2 per cent bought in.

Another feature of the sale was high prices for five gold boxes which belonged to the late Barbara Hutton, the Woolworth heiress. S. J. Phillips, the London dealers, gave £42,500 for a gold presentation table snuff box of 1765 bearing the arms of the city of Londonderry. This is an auction record for an English gold box. Phillips also acquired a gold snuff box of 1774 made in London by George Michael Moser and Paul Bocquet for £27,000.

Pension funds may hold £40bn assets

BY ERIC SHORT

THE TOTAL ASSETS held by pension funds are estimated to be about £40bn, according to the latest edition of Pension Funds and their Advisers. This estimate, far higher than that of the Central Statistical Office or the National Association of Pension Funds, puts pension schemes assets at the same level as those held by building societies and life assurance companies.

The book sought information on pension schemes from all companies with at least 500 employees. But they point out that there were still a number of funds not prepared to divulge any information. There is, at present, no legal requirement for pension schemes to account to the public. The book was, however, able to quantify the assets held at £34bn and from this base the overall estimate was made.

The guide provides a series of articles on pension funds written by experts in investment fields. North American and European pension funds are listed for the first time, and there is full information on 700 UK companies which act as advisers to pension funds.

The book lists the largest 200 pension schemes and shows that there are five schemes with assets in excess of £1bn. These are the Post Office—£2.6bn, National Coal Board—£2.1bn, British Rail—£1.5bn, Electricity Supply scheme with £1.5bn and British Steel — £1.1bn. The largest company scheme is ICI with an estimated £950m of assets.

Pension Funds and their Advisers from AP Financial Register, 9, Courtleigh Gardens, London NW11 9JX.

Inflation rate 'could be reduced to 1½%'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE inflation rate could be cut to 1½ per cent within four years if public sector borrowing is reduced progressively, a group of Liverpool University economists argued yesterday.

The group, under Professor Patrick Minford, said that if public sector borrowing is cut from its present level of 5.5 per cent of Gross Domestic Product (GDP) to 0.5 per cent in 1984-85, with money supply growth falling in parallel, output is likely to stagnate this year, recover in 1981, and reach a normal rate of growth of nearly 3 per cent from 1982 onwards.

Inflation will remain high in 1980 but is likely to decline sharply in 1981, reaching about 8 per cent in 1982, and thereafter continuing to drop until by 1984 there is the prospect of a stable currency.

The key policy implications of the Liverpool Model is that the Budget should, in order to assist assessment of inflation prospects, express the future programme of cuts in public sector borrowing as a percentage of GDP and of money supply growth.

The group also suggests that if public sector borrowing is held at its current share of GDP the inflation rate will still be in double figures in the mid-1980s.

In another pre-Budget analysis published over the weekend, the broker L. Messel suggests that even if borrowing is held at £9bn in 1980-81 interest rates may stay at close to present levels until the third quarter because of the intense squeeze on the corporate sector, the dangers of rebuilding building society liquidity too quickly and rising international interest rates. But interest rates could fall sharply at the end of the year.

A reduction in the employers' national insurance surcharge is expected by stockbroker Wood Mackenzie, and by Phillips and Drew. In its latest market review the latter firm says that, on unchanged policies, the build up of North Sea oil revenues will more than eliminate the Public Sector Borrowing Requirement by 1985. The resulting scope for reflation is likely to be absorbed more by public spending growth than tax reductions.

Ronay says city pubs are food black spots

BY GARETH GRIFFITHS

FOOD PRICES in many British public houses remain remarkably low and offer good value for money, according to the Egon Ronay 1980 Pub Guide published yesterday.

Only one public house in 70, however, merits a mention in the guide, and of 4,500 public houses visited by the inspectors 3,500 were rejected. The guide complains that "too many pub meals are, alas, a tale of woe." City centres, in particular, suffer from a shortage of places serving acceptable bar food.

The guide says many pubs serve a wide selection of snacks for under £1 per portion and says free houses and tenanted premises were found to have the highest standards.

The old fashioned British breakfast appears to be one of the strongest points. "Breakfast, declining in British hotels, is a gastronomic treat at pubs," the report says. Pub breakfasts are usually "ample meals" and "for breakfast alone, it's worth spending the night at a pub."

Accommodation at public houses offers much greater character and informality than hotels, the report says.

Sir Henry Marking, chairman of the British Tourist Authority, said at the guide's launch that public houses provided a possibility for tourists to meet ordinary British people.

He forecast that foreign currency earnings this year from tournism would rise from £3.5bn to £4bn.

Cumbria energy centre planned

AN ENERGY exhibition centre planned for Millom, Cumbria, is seeking sponsorship from industrialists and planners who have already shown interest in the scheme of Copeland's recreation and amenity officer, Mr. Wesley Park.

Planned first is a solar dwelling that makes use of wind power, solar radiation, rainfall and a self-contained recycling toilet system.

Mr. Park said: "We are getting help towards the centre from industry and environmental groups, such as the Friends of the Earth."

CONTRACTS

£2.5 vehicle maintenance centres for Baghdad

The overseas contracting division of BILLINGTON STRUCTURES, South Yorkshire, has been awarded a £2.5m contract to design, build and equip two vehicle maintenance centres for Amanat Al Asima (the municipality of Baghdad). The centres, which will be located at Kadhmya and at Kasrah and Atash, are exclusively for vehicles owned by the city. The Kadhmya site will handle Scania trucks, while the Kasrah and Atash site will be used for maintenance of Mercedes trucks, earthmoving and heavy contractors plant, each centre handling about 40 vehicles at any one time.

*

The British National Oil Corporation has placed an order worth £1½m with RUSTON GAS TURBINES for three 3.4 MW gas turbine generator sets which will be installed at Nigg Bay where the pipeline from the Beatrice field terminates. They will provide electrical power for operation of the terminal, including heating oil in storage tanks before it is pumped to tankers berthed offshire.

*

CHESHIRE FIRE ENGINEERING has been awarded a contract by the Greater London Council, valued at almost £1m, to supply 26 fie appliances to London's fire brigade. The pumping appliances are based on a Dodge chassis/cab powered by a Perkins diesel engine. The appliances will incorporate rear-mounted Godiva 1,000 gpm. Multi-pressure, engine-driven waterpump, 300 gallons first-aid water tank and twin high-pressure hose reels. Cheshire Fire Engineering is and E.R.F. (Holdings) company.

*

SWITCHGEAR AND INSTRUMENTATION, Bradford, has won orders worth almost £700,000 to supply panel equipment to the Sullom Voe oil terminal project.

KENNETH GOODING ON A DECISION FOR EUROPE'S CAR MAKERS AND DRIVERS

Rivals are gearing up for the shift to automatic

CAN EUROPEAN car drivers be persuaded to switch from manual gearchanging—which 88 per cent opt for at the moment—to automatic transmission? Two companies are betting heavily that they can.

Automotive Products of the UK has just given details of a new automatic which it says is as efficient and economic as a manual gearbox but cheaper to make than a conventional fully-automatic transmission.

Not only is the transmission an important technical achievement, said Mr. George Pears, the managing director, but it could also have a significant medium-to-long-term impact on AP's profits.

It happens that Borg-Warner, the U.S. group, plans to tool up this summer at its Kenfig, South Wales, plant to mass-produce a direct competitor to the AP product.

Borg-Warner will manufacture a "continuously variable" automatic transmission (a CVT) to be used initially in the 1983 version of Fiat's Strada.

This CVT has evolved from a simple, belt-driven one invented by Van Doorne Transmissie in Holland more than 20 years ago.

Last year Borg-Warner and Fiat each pumped in $7.5m and each took a 24 per cent shareholding in Van Doorne, because the Dutch company had come up with an improved system using a tougher, metal belt, which looked very promising.

With Borg-Warner providing extra know-how and Fiat as a potential large customer, Van Doorne's improved system has been further refined, and is now ready for production and use.

Until now sales of automatics in Europe have been mainly held back by the extra cost.

The car makers offer them as optional extras and it is normal practice in the business to charge heavily for extras—that is where much of the profit is made, because margins are much bigger than on the basic vehicles.

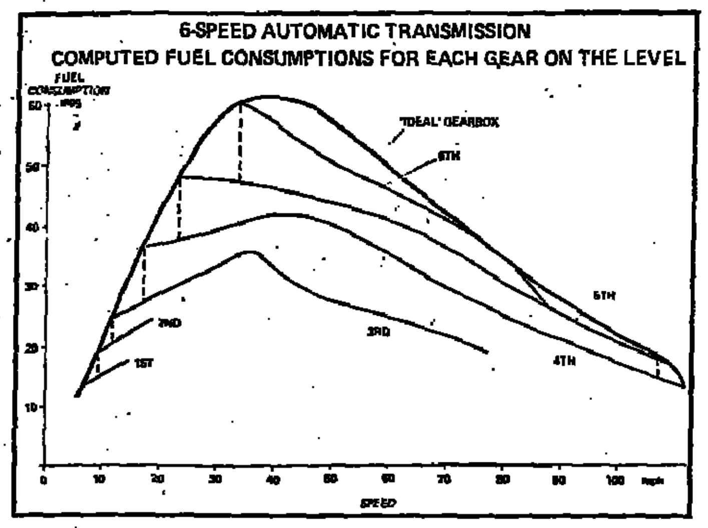
As a result the car assembly groups have gained a reputation for over-pricing automatics and sales have been predominantly restricted to the more expensive vehicles where the added cost does not look excessive.

There are other factors. In Europe it is often considered more masculine (perhaps because it is more stressful) to control a car through a manual gearbox.

In addition automatics use more fuel than a carefully-driven manual.

Any potential growth was eliminated by the second oil crisis last year because sales of cars with engines over two litres—just the type to incorporate automatic transmission—slumped severely.

But the situation could change by the mid-1980s.



Automotive Products is tackling the cost problem at the production end. Its new transmission uses mainly the components of a conventional manual gearbox so little extra tooling up is needed. One plant could produce both manual and automatic boxes and AP says the automatics would not cost much more than the manual.

It is difficult to put a figure on the extra cost because, as AP discovered, manufacturers are reluctant to give details of the cost of making manual gearboxes.

But AP suggests the cost of its automatic will fall halfway between that of a manual gearbox and that of a regular automatic.

And if a company wanted to start with a brand new plant, AP offers a development of its new automatic—a six-speed version no larger than the four-speed one—which reduces fuel consumption by 25 per cent.

The more gears available, the better the engine performance can be used to transmit power to the wheels.

That's why Fiat and Borg-Warner are so interested in CVT—"it is like having a 100-speed transmission."

Borg-Warner also maintains that the new CVT lives up to the major criterion for any automatic: it represents no more than 7 per cent of the basic cost of the car.

Both AP and Borg-Warner aim their systems at the small-engined, front-wheel-drive cars which will predominate throughout the developed world in the 1980s.

Both are looking towards the U.S. in particular, where the average driver needs no convincing about the benefits of automatics. However, in the short term at least, the U.S. manufacturers are resisting innovation in automatics. In its highly successful "X" cars, for example, General Motors is using an automatic developed from an existing system.

Some people in the European industry suggest that the Americans are suffering from a bad case of "NIH," or "not invented here." More likely the companies cannot afford for the time being to ignore the investment they have locked up in existing transmission plants.

There is a good chance, however, that in the medium term the U.S. car makers will invest in brand new transmission plants to produce lightweight, fuel-efficient automatics more suited to the needs of the 1980s. AP and Borg-Warner (and Van Doorne) will be ready to sell know-how if that happens.

Japan too offers tremendous potential as a source of components and a market.

Both the AP and Borg-Warner transmissions are designed to link in with future electronic engine management systems. The industry is convinced that the best method of getting maximum potential from today's engines and gearboxes is to have them linked through a micro-computer which makes almost instantaneous adjustments as the car moves along.

The potential to get 60 mpg at 100 mph exists when such a system is employed. But developing electronics which will remain reliable in spite of the extremely difficult conditions they must endure under a car's bonnet is taking some time.

Lucas is working on a system to "manage" the engine and automatic transmission and says it should be ready in about 18 months. Borg-Warner says a good many, not necessarily made by Lucas, should be in use by 1985—and not only in luxury cars.

The total microprocessor management system would by-pass the most inefficient link in the engine-transmission dialogue—the driver. In future, all he will have to do is press a pedal and the micro-computer will do the rest.

But if this system is to be used then the cars which employ it will have to have automatic transmissions.

Living standards rose 6% last year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AVERAGE LIVING standards jumped by 4.9 per cent in the final three months of last year compared with the previous quarter — resulting in an increase of 6 per cent for 1979 as a whole.

This is shown by the national income and expenditure figures for the fourth quarter of last year and 1979 as a whole published yesterday by the Central Statistical Office. The figures provide a snapshot of the major features of the economy.

INCOME AND EXPENDITURE IN THE UK

All data seasonally adjusted

	GDP average estimate 1975=100	Real personal disposable income—£m at 1975 prices	Savings ratio per cent†	Gross Trading Profit net of stock appreciation, £m* N. Sea Oil and Gas	Rest of Industry
1977	104.9	72,860	13.2	—	—
1978	107.7	77,716	14.1	2,350	16,080
1979	109.5	82,406	15.7	4,760	15,000
1st	107.8	20,195	15.2	920	3,330
2nd	111.3	20,487	13.0	1,090	4,150
3rd	109.4	20,361	16.0	1,320	3,620
4th	109.7	21,363	18.5	1,430	3,900

* Net of stock appreciation.
† Saving as a percentage of personal disposable income.
Source: Central Statistical Office

Living standards, as measured by real personal disposable income, rose sharply in the fourth quarter, largely as a result of the switch from direct to indirect taxation which depressed the level in the summer and inflated the total towards the end of the year.

Consumer spending lagged behind the rise in disposable incomes—both in the fourth quarter and for 1979 as a whole. The result was a rise in the savings ratio from 16 to a record 18.5 per cent between the third and fourth quarters and from 14.1 to 15.7 per cent between 1978 and 1979.

The volume of consumer spending increased by about 2 per cent in the fourth quarter and by 4 per cent over 1979 as a whole. In detail, expenditure on cars and motor vehicles rose by 8 per cent in 1979 following a 35 per cent rise in the previous year. Expenditure on radio and electrical goods was 9 per cent higher in 1979, while spending on wines and spirits rose 9 per cent compared with 1978, but expenditure on tobacco dropped by 1½ per cent.

Total economic activity, as measured by real Gross Domestic Product, rose by about 1½ per cent between 1978 and 1979. About half the growth was attributable to the North Sea oil and gas industries, whose contribution to GDP rose from 2 to about 3 per cent between the years.

This assessment is based on the output measures. The income measures rose slightly more between the two years but the expenditure measures shows virtually no growth. The Central Statistical Office states that the divergence in 1979 is thought to be largely because of difficulties in recording expenditure with capital formation, particularly stockbuilding.

Apart from North Sea oil and gas, there was little change in the underlying level of activity between the third quarter of 1978 and the fourth quarter of last year, although there was sharp fluctuations within this period.

Public spending continues to rise in spite of the cuts last June. The volume of Government final consumption in the first three-quarters of 1979-80 was 1 per cent higher than in the same period of the previous year.

Estimates of gross trading profits of industrial and commercial companies have been revised upwards for the last couple of years. Before deducting stock appreciation, profits rose 25 per cent between 1978 and 1979. Stock appreciation rose from £3bn to nearly £7bn over this period and thus profits after deducting stock appreciation rose by a little over 7 per cent. Excluding North Sea oil, profits net of stock appreciation fell by over 7 per cent, in contrast to the 17 per cent rise in income from employment.

Decca acquires right to market radar simulator equipment

BY JOHN LLOYD

DECCA, the electronics company recently taken over by Racal, has acquired the worldwide manufacturing and marketing rights on the Redifon radar simulator equipment.

The agreement stipulates that Decca pays Redifon a royalty on the sale of each simulator, although neither company would disclose the level of the royalty.

Radar simulators are used for training navy and merchant navy personnel in the use of radar as a navigational aid. Decca believes that the market will grow considerably, because of stricter rules on safety at sea now being enforced by the the International Maritime Consultative Organisation. The organisation's tougher policy follows a number of major accidents, some involving supertankers.

However, Redifon said recently that it was dropping out of the radar simulator market because of a consistent inability to make a profit over the years.

The company said that it would remain in the industrial simulator market—as, for example, simulated control systems for power stations—which it believed would allow it a much higher return.

The radar simulators developed by Redifon which Decca will take over are known as the CS012 and a more sophisticated system, the CS012/E16.

More than 50 of the CS012 models have been supplied worldwide, while two more are now coming into service for the navies of Pakistan and Bangladesh. The later system, the E16, which has recently been developed, has attracted five orders, three from overseas.

The deal will not involve any transfer of plant or manufacturing staff from one company to another, although members of the simulator's sales staff will transfer from Redifon to Decca.

CITY CENTRE PROPERTIES UNDER PRESSURE

Small businesses will be hit by rate rises

BY ROBIN PAULEY

RECORD RATE rises this April will hit our industrial sector already suffering from high increases in rent, electricity, gas and interest charges. It has always been small businesses, employing under 200 and working to tight margins, that have been worst affected.

The Chartered Institute of Public Finance and Accountancy calculated the average rate rises in the industrial and commercial sector in 1980-81 in England and Wales to be 22 per cent. Once again inner London faces the highest rise at 24 per cent, followed by the metropolitan areas (23 per cent), Welsh shire areas (22 per cent) and the English shire areas and outer London (both 21 per cent).

Nearly 60 per cent of the income which local authorities obtain through rates comes from the non-domestic sector which now contributes more than £3bn a year. In 1955 the share of non-domestic rates was 50 per cent and this increased steadily to a peak of 62 per cent in 1975, falling back slightly to its present level of 59 to 60 per cent.

NON-DOMESTIC RATE PAYMENTS

	Total payments (£m)	Non-domestic rates as % of: Total rates	Gross trading profits	Gross domestic product
1955	237.5	50	8.2	1.4
1965	626	51	13.9	2.0
1967	836	57	18.5	2.4
1969	967	58	20.5	2.4
1971	1,231	59	21.4	2.5
1973	1,544	59	21.1	2.4
1975	2,414	62	38.4	2.6
1975/76	2,327	61		
1976/77	2,525	61		
1977/78	2,795	60		
1978/79	3,055	59		

Sources: Centre for Environmental Studies; Environment Department

A report on rates by Coopers and Lybrand, management consultants, commissioned by Shell UK, suggests that the increasing burden on non-domestic ratepayers has been caused by:—

● The rating revaluation of 1956 which revalued non-domestic properties but left domestic properties at 1939 levels
● de-rating of industry, reduced from 75 per cent to 50 per cent in 1959
● de-rating of industry withdrawn completely in 1963
● introduction of domestic rate rebates in 1966 for those on low incomes
● introduction of domestic rate relief rising from 2p in the pound in 1967 to 18½p now (36p in Wales).

In 1978 rate income in the UK was about £5.7bn which represents higher revenue than value added tax (£5.18bn) and the combined total of excise duties on oil and tobacco (£4.62bn).

The non-domestic sector's share of rate payments at £3.4bn was slightly less than the £3.5bn produced by corporation tax including advanced corporation tax.

Non-domestic ratepayers account for a little more than half of total rateable value. The most important category—23.4 per cent of total rateable value—is mainly shops and offices. Industrial property (11.1 per cent) is followed by public utilities (5.5 per cent), education and cultural (3.3 per cent), entertainment and recreational (1 per cent).

A source of great controversy is the fact that agricultural land and buildings have been de-rated since 1929 and their inclusion in non-domestic rating again would help to spread the load and increase local authority income considerably. On the basis of current rents this represents a loss of about £650m a year.

The small business community, faced with a succession of large increases—not all of which can be passed on directly to the customer without an adverse effect on trade—feels it is now shouldering a disproportionate share of the rates burden.

The Bolton Committee report on small firms estimated their number at 820,000 (1971) and a CBI working party report last year said: "There is no doubt that rates are now a major burden for existing small businesses in inner cities and a serious deterrent to establishing anything new in those areas."

The London Chamber of Commerce and Industry said this week that the effect of the latest high industrial rate rises in London would be to force more and more business away from the city at a time when everything was being done to revitalise the inner cities.

It also said that the rating proposals in the new Local Government Planning and Land Bill now before Parliament, would be disastrously unfair and arbitrary with respect to industry.

The main problem is the abolition of the five year revaluation of the rating list. "This will cause the incidence of rates to be increasingly unfair and arbitrary since the amount of rates paid cannot reflect any change in the ratepayers' circumstances since the list came into force in 1973," the chamber has told Mr. Michael Heseltine, Environment Secretary.

Suggestions for change which would ease the difficulties in the non-domestic sector, many of which are advocated by Coopers and Lybrand, include:

● A revaluation as soon as posible.
● Regular revaluations, possibly every three years.
● An alternative to rateable values as basis for water charges.
● Introduction of partial non-domestic rate relief by making the first £250 of all non-domestic rateable value free of rates—granting rate relief to small businesses for the first two years of operation.
● Re-rating agricultural land and buildings.
● Ending penal rating of empty property.

Glasgow's enterprise zone forerunner

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GLASGOW eastern area renewal programme has created or supported 3,000 jobs so far, it was said yesterday.

The project, known as GEAR, is a forerunner to the enterprise zones planned by the Government to revitalise inner city areas.

It is costing £150m in environmental, housing and industrial improvement.

There are no formal relaxations of planning controls or other restrictions, as is intended in the enterprise zones. But local authorities and other public bodies have been co-operating to cut red tape and meet industry's needs.

More than 120 factories are being built or modernised and hundreds of acres of derelict land landscaped or used for housing, schools or recreation.

A business centre is being established in a former carpet factory to accommodate small firms and provide advisory and development clinics.

The project is being co-ordinated by the Scottish Development Agency, which is spending £15m building factories. Other agencies are providing space for companies.

The British Steel Corporation's job creation subsidiary BSC (Industry) has built workshops in disused buildings at the former Clyde Iron Works. Small and new enterprises are employing 460 people.

Several companies, some started by redundant steelmen, have expanded into larger premises.

Mr. Richard Colwell, the Scottish Development Agency's director of urban renewal, said he was receiving five inquiries a week for factories. There was now a waiting list.

"All factories under construction at the moment are pre-let and we are stepping up our development programme to meet this demand."

Receivers dismiss 120

A THIRD of the workforce at a company at the centre of a parliamentary row has been made redundant.

Receivers at P. Leiner and Son, the gelatine makers at Treforest in Mid Glamorgan, which received the Welsh Development Agency's biggest single investment just over a year ago, announced yesterday that 120 of the 365 workers had been dismissed.

The receivers, Mr. Ian Bond and Mr. Richard Smart of Deloitte Haskins and Sells, said they could not continue to employ them because they had been unable to find a buyer for the plant as a going concern.

They also warned that unless a buyer was found soon all production would cease in a few weeks.

The agency invested £2m in shares in the company and was owed over £1m for rent and services.

Questions about the investment have been asked in Parliament. The Commons Public Accounts Committee will also look closely at the investment when it undertakes an investigation of the development agency.

Golden Arrow to run again

ONE OF THE great international express trains, the Golden Arrow, is to run again—on the five-mile Keighley to Oxenhope steam railway in Yorkshire's Worth Valley.

The locomotive which hauled the train has been restored by steam train enthusiasts.

The railway company has invited drivers, firemen, crew and passengers of the Anglo-French express for a reunion with the locomotive which hauled the English section of the London-to-Paris service.

هكذا من الأصل

UK NEWS

Hospital buildings kept empty because of cuts

BY ROBIN PAULEY

NEW BUILDINGS for at least three new hospitals are being kept empty because there are no funds to pay for them to be opened and staffed.

The Department of Health and Social Security says it is aware that cash shortages are forcing some temporary closures of hospitals but says there are no figures for the number of hospitals involved nor for the cost of "mothballing."

In Nottingham, more than £500,000 a year is now being paid in rates and maintenance to keep the second phase of the University Hospital and new facilities at the City Hospital closed.

Phase one was handed over to South Nottinghamshire Health District last year and was opened. But now there is no money to transfer such services as gynaecology, psychiatry and geriatric day hospital facilities to the Queen's Medical Centre, one of the most modern hospitals in Europe.

The Association of Health Service Treasurers says this problem is a direct result of short-term restrictions without regard to long-term planning.

In the 1960s the Government authorised major capital programmes to update medical facilities and the assumption was that this was to continue for the rest of the century.

Since 1973 the long-term interests of the service have been increasingly sacrificed as a result of financial restraints. Health authorities say they have been put into an impossible position because of the very long lead-in times on multi-million pound hospital projects.

In addition health authorities operate with a finite sum of money and cannot generate income. They are unable to build up reserves, as they can carry forward only 1 per cent of any underspending.

When the gross allocation from the Government is cut, therefore, there is no financial fall-back position. A spokesman in Nottingham said: "Our allocation has been cut and we are already in a bad way financially as a result of overspending £137,000 last year. Cuts in services and staff redundancies are a possibility."

A similar problem has risen in Plymouth, where long-term plans for hospital projects are being handed over in the usual way, phase by phase. Phase one, 350 beds, has been handed over and support services exist for the full 1,200-bed plan. But the second phase remains only an empty shell and there is no borrowing facility to keep it going.

A spokesman for the South Western Regional Health Authority said the delay could mean another 10 years before full value for money was obtained from the project.

The new cash limits and hospital allocations for the health service will be announced in the public expenditure White Paper on Wednesday.

Engineering figures reflect fluctuations

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

ENGINEERING orders and sales fluctuated violently last year because of major industrial disputes, but the overall levels turned out to be little different from the previous year's.

The official figures, published in British Business, give some indication of the disruption the industry suffered in 1979.

The volume of sales at the beginning of the year stood at an index of 85 (1975 average monthly sales 100), reflecting the road haulage dispute. By June, sales had recovered sharply to 109, but fell again to 94 in September at the peak of the engineering dispute. By the end of the year, they had recovered to 104.

Figures adjusted to give an estimated trend show that the overall level of sales held up slightly higher than the previous year.

The volume of new orders placed in 1979 was almost exactly the same as in 1978, although there was a slight increase in export orders. Orders placed by the home market reacted more sharply to the disruptions in production than those from abroad, starting the year at an index of 90, recovering in mid-year, only to fall again during the late summer. November was the peak month at 112.

● Figures in British Business for the machine tool industry last year show a marked divergence between the home and export markets. Surprisingly, in view of the strong pound, new export orders have been increasing firmly throughout 1979 although starting from a very low base.

In January, the estimated trend index for new export orders stood at 67, which by the end of the year had gone up to 80. Exports to the U.S., where substantial investment in machine tools has been made, may have been partly responsible.

The home market for machine tools, however, was far less healthy. The volume of new orders on an estimated trend basis stood at 99 in January, but by the second half of the year it was falling steadily to 65 in December.

Circuit board makers challenge statistics

BY JOHN LLOYD

BRITAIN'S manufacturers of printed circuit board—the base for the components used in electronic products — have claimed that their industry is being misrepresented in official trade figures.

The Electronic Components Industry Federation said the import figures for printed circuit boards (PCBs) of £21m for 1977 and £26m for 1978 were ten times too high. The true figures would be about £2m for 1977 and £2.5m for 1978.

The reason for the distortion, said the federation, is that PCBs with components already inserted were being counted in with "unpopulated" PCBs. "The high added value of such products, relative to the low-cost unpopulated printed circuit board, is so distorting the reported statistics as to make them meaningless."

Customs and Excise figures show that exports of UK-made PCBs are growing strongly. In 1977, exports were worth £6.5m; in 1978, £8.3m; and in 1979 £12.1m.

The federation added: "Extrapolating this trend into the reported export statistics for all UK PCB manufacturers would indicate a favourable balance of trade—properly reflecting the strength of UK PCB technology, rather than the erroneous and misleading impression currently being portrayed."

Kagan Textiles awarded costs over dye charges

THE prosecution at Leeds magistrates court yesterday offered no evidence against Kagan Textiles, of Elland, on charges arising from offences relating to indigo dye powder. The company was awarded costs out of central funds.

Kagan Textiles had been charged previously with being concerned in the illegal exporting of indigo dye powder, falsifying a document relating to drums of indigo dye powder, and offences under the Exchange Control Act of 1947.

The case against Michael Kagan, 28, of Barkisland, Halifax, son of Lord Kagan, and Raymond Kennedy, 55, company secretary, of Leeds, was adjourned until April 21 when committal proceedings will begin.

Michael Kagan is charged with stealing four drums of indigo dye powder from Kagan Textiles, and currency offences under the Exchange Control Act 1947. Kennedy is also charged with currency offences under the same act.

A charge of false accounting against Michael Kagan was withdrawn, and two other charges of false accounting preferred against him.

A charge against Kennedy of being concerned in the illegal exporting of indigo dye powder was withdrawn, and a further currency charge preferred.

Both men, who were not in court, had their bail continued. A warrant has been issued for the arrest of Lord Kagan who faces similar charges.

THE JOBS COLUMN

2D as ever, but only rarely so snappish

BY MICHAEL DIXON

"THEY HAVE played into my hands," I breathed, thinking of Peter Saville and Roger Holdsworth. Their eponymous company is the creator of a series of new, entirely British tests for assessing people's suitability for work of various kinds, and at the time I was fulfilling my promise, made in the Jobs Column of February 26, to take the test for management.

The feeling that they had played into my hands came as I opened the last of the four test papers. Its purpose was to assess my "spatial reasoning," or ability to think visually in three dimensions.

My score on a previous test of this ability caused a professional psychologist, trained over years to express nothing but patient sympathy, to erupt with laughter for several seconds before inquiring which of my ancestors built the Leaning Tower of Pisa. So I felt less than confident as I took up Saville and Holdsworth's spatial paper.

But the qualms went as soon as I opened it. There at the top of the paper was a two-dimensional representation of an opened-out box, with a different pattern on each of its six sides. Below was a series of closed-up boxes, drawn in three dimensions, with their visible sides bearing patterns ostensibly similar to those on the flattened-out box at the top of the page. The task was to think out whether or not each of the three-dimensional boxes could be produced by folding up the two-dimensional version.

What Messrs. S. and H. did not know when they produced this test—which like their other three papers was more cleanly designed and straightforwardly presented than any I have taken before—was that I once worked as a costing clerk in a cardboard-box factory. I have seen literally hundreds of thousands of boxes, both opened-out and closed-up.

I therefore set about the task gleefully; but not casually, because it was by no means easy. Indeed, when young Sue Bawtree who was supervising me, called time at the end of 20 minutes, I had completed only 70 per cent of the questions on the paper.

That, however, was 2½ percentage points higher than the number of questions I'd completed on the paper requiring me to think out answers from numerical information presented in tables and charts. And on the paper testing ability to reason which of an assortment of diagrams printed on the right, fitted a blank space in a sequence of diagrams printed on the left. I had completed only 62½ per cent. On the remaining paper, assessing verbal reasoning, I had done the lot; but that is no more than anyone would expect from a journalist.

So, in terms of the number of questions I'd got through, the boxes had elicited my second-best performance. At last, I thought, I'd have a score for three-dimensional thinking which—albeit with a bit of accidental help from Messrs. S. and H.—should silence the familiar jibes about my being not so much a blockhead, as a flathead.

The result

Triumphantly, I have just opened Peter Saville's report on my results. And what does he tell me?

"In spatial reasoning—the ability to think visually—you were below average, achieving a score of about the standard of a CSE school-leaver."

That's not much of a reward for a year spent carefully costing myriads of cardboard boxes, is it? In fact, the disappointment quite overwhelms my reported scores on the other three papers: in diagrammatic reasoning I was slightly above average for managers generally; in numerical reasoning I was clearly above average; and in verbal reasoning I scored high.

Nor is the two-dimensional-man bit the only let-down in Peter Saville's report. "Management is not for you," he says, blithely.

There, however, he leaves me some room to argue because he bases that judgment not on the four tests I have outlined above, but on the results of another exercise "not of Saville and Holdsworth's creation, which I was asked to do as a supplementary.

This was the Strong-Campbell Interest Inventory, intended to measure a person's likes and dislikes for doing various things. It is based on the theory that most people can be categorised—and their suitability for different kinds of work be indicated—by the pattern of their interest, or lack of it, in six main themes of activity. And on this exercise, I fear, the Jobs Column turned in a distinctly negative performance. The six themes are as follows:

Investigative, characterised by Peter Saville as "interest for analytical problem-solving and science; task-orientated need to understand technical matters"—Jobs Column's score was average.

Artistic: "preferring unstructured, creative situations and self-expression; usually less orderly and conforming, and more emotional, intuitive and expressive"—score, average.

Enterprising, "liking for selling and influencing others and business management; need for organisational and economic goals and status"—score, moderately low.

Realistic, "interest and motivation for stable, robust and practical activities; liking for dealing with things and machines"—score, low.

Conventional, "need for order and systematic environment; conforming, and liking for structured tasks, with low tolerance of ambiguity"—score, low.

Social, "persons of this type are sociable, enjoy being central in a group and have verbal and inter-personal skills; enjoyment of activities involving informing, training and developing others"—score, very low.

From the results on the interest inventory, Mr. Saville concludes that the best place for the introverted creature which so described itself would be some ivory tower where it could get on, with analysing words, figures, and perhaps diagrams, and with writing up its conclusions, with little or no interference from other human beings. But while I would not challenge his reading of the results as they were marked on the inventory, I would enter a certain caveat.

There was one important difference between the interest exercise, and the four Saville and Holdsworth tests which were mentioned beforehand. These four were all done during a two-hour session one Monday evening. But the interest inventory was taken away to be completed the following morning, and returned for marking by post.

The fact that the inventory was so completed is in itself a compliment to a certain "order and systematic environment." For after the testing session of the Monday evening, the four people involved adjourned for further discussion to a neighbouring inn, where they met another person . . . and the Jobs Column was "sociable, and enjoyed being central in a group" for rather longer than it can remember.

Understandably, there was a touch of compensating misanthropy about the mood in which the interest inventory was completed the following morning. For instance, asked to choose between a job as a probation officer and one as a police-dog trainer, I had no hesitation in picking the latter. Although normally apprehensive about anything larger than a chihuahua, I felt at the time a strong sense of personal identification with police dogs, or at least the fiercer kinds thereof.

So while Peter Saville's recommendation that I be chained to my kennel was no doubt reasonable on the evidence before him, I'd plead that it was the product of circumstances in which anyone's bark is worse than his bite.

CONTRACTS AND TENDERS

The United Arab Emirates Ministry of Public Works and Housing

P.O. Box 1828 Dubai - Tel: 664900
P.O. Box 878 Abu Dhabi - Tel: 62275

INTERNATIONAL COMPETITION FOR THE OFFER OF CONSULTANCY SERVICES FOR THE DESIGN AND SITE SUPERVISION OF THE MINISTRY OF FOREIGN AFFAIRS BUILDING PROJECT IN ABU DHABI

No. MB/22/30/1A/80

The Ministry of Public Works and Housing is pleased to invite International and Local Consultants to submit offers for the open project on the Foreign Affairs building in Abu Dhabi.

All experienced consultants who have executed similar works of 50m UAE Dirhams or over and should like to participate in this tender should obtain the conditions and the programme from the Tender and Contracts Department in the Ministry of Public Works, Abu Dhabi and Dubai, during working hours from 8.00 am to 2.00 pm as of Saturday 16/2/1980 against the sum of DHS 3,000 (three thousand Dirhams). Offers should be submitted to the Ministry office in Al Butain, Abu Dhabi not later than 12.00 noon on Sunday 25th May 1980.

Mohamed Khalifa Al Kindy
Minister of Public Works & Housing

COMPANY NOTICES

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
NOTICE TO SHAREHOLDERS

The Ninety-ninth Annual General Meeting of the Shareholders of this Company, for the selection of directors to take the place of the retiring directors and for the transaction of business generally, will be held on Wednesday, the 7th day of May next, at Le Chateau Champlain, Place du Canada, Montreal, at eleven a.m. (daylight saving time, if operative).

The transfer books of shares and stock will be closed at the close of business on Tuesday, the 29th day of April, 1980, and will be reopened on Thursday, the 8th day of May, 1980.

The Board of Directors has specified that the time before which a shareholder intending to vote by proxy at the Annual General Meeting or any adjournment thereof must deposit his proxy with the office of the Vice-President and Secretary at Montreal, Que., shall be five p.m. (daylight saving time, if operative), Monday, May 5th, 1980.

By Order of the Board.
J. C. AMES,
Vice-President and Secretary.

Montreal,
March 10th, 1980

FRAB—BANK INTERNATIONAL
US$25,000,000 Floating Rate Notes
1978-1986

According to the terms and conditions of the above-mentioned Notes the interest rate applicable for the interest period of six months beginning March 20, 1980, and ending on September 21, 1980, has been fixed at 19⅛% per annum.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.
SOCIETE ANONYME,
Trustee

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO. LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend for the 53rd term the shareholders' register will be closed for the period April 1, 1980 to the closing of the Ordinary General Meeting of Shareholders, expected to be on June 26, 1980, and during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs.

Furthermore, it has also been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from March 27, 1980.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary.

Coupon No. 3 attached to the EDRs will be used for collection of this dividend.

CITIBANK, N.A.,
London.

March 25, 1980.

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905
AND
URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1905
ASSENTED BONDS

Williams & Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas SA, Paris, to pay to the extent of the funds which may be provided for the purpose coupons of the above loans, due 1st April, 1980, in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January, 1939.

LEGAL NOTICE

IN THE MATTER OF
TRANSALPINE (SHIPPING & FORWARDING) LIMITED
SHIPPING AGENTS
THE COMPANIES ACT, 1948

WINDING-UP ORDER made 14 January 1980, both meetings to be held at: 3rd Floor Colman House, Victoria Avenue, Southend on Sea, Essex, SS2 6EF: Creditors 3 April 1980, at 11.00 am; Contributories 3 April 1980, at 11.30 am.

G. B. SELLERS, Official Receiver.
(Acting as Deputy for the Official Receiver attached to High Court of Justice)

COMPANY NOTICES

De Beers Consolidated Mines Limited
Incorporated in the Republic of South Africa

NOTICE TO MEMBERS

Notice is hereby given that the ninety-second annual general meeting of members of De Beers Consolidated Mines Limited will be held at the head office of the Company at 36 Stockdale Street, Kimberley, on Tuesday, 27th May 1980, at 14h30, for the following business:

to receive and consider the annual financial statements of the Company and of the Group for the year ended 31st December 1979;

to elect directors in accordance with the provisions of the articles of association of the Company;

to consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"That the directors be and they are hereby authorised to allot and issue all or any portion of the unissued 133 071 eight per cent cumulative second preference shares of R1 each and 15 210 958 deferred shares of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine."

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

The transfer registers and registers of members of the Company will be closed from 17th May to 27th May 1980, both days inclusive.

Holders of deferred share warrants to bearer who desire to attend in person or by proxy or to vote at any general meeting of the Company must comply with the regulations of the Company under which share warrants to bearer are issued.

By order of the board
J. D. B. ENGELS,
Secretary.
36 Stockdale Street, Kimberley.
P.O. Box 616, Kimberley, 8300.

25th March 1980

De Beers
De Beers Consolidated Mines Limited

RENOWN INCORPORATED
NOTICE TO MEMBERS OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 35th Ordinary General Meeting of the shareholders of the Company will be held on Friday, March 28th, 1980, at 10 a.m., in the Auditorium on the 5th floor of the head office of the Company at 34-18, Jingumae 2-Chome, Shibuya-Ku, Tokyo, for the following business.

To consider and, if deemed fit, to pass with or without modification the following resolutions:—

PROPOSAL No. 1

Approval of the business report, balance sheet, income statement and proposal for appropriation of retained earnings for the 35th Business Term (from January 1st, 1979 through to December 31st, 1979).

PROPOSAL No. 2

Presentation of a bonus to the retired Director in recognition of his service.

NOTE:— The following Notice appears in accordance with the listing agreement 10 (c) of the Company:

"There is not any service contract granted the Company, or any subsidiary of the Company, to any director or proposed director of the Company not expiring or determinable within ten years by the employing Company without payment of compensation (other than statutory compensation)."

ROBERT FLEMING & CO LTD
Depositary

London
March 24, 1980

JAMES WALKER
GOLDSMITH & SILVERSMITH LTD.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Ordinary and Non-Voting Ordinary Shares will be closed from 9th April to 18th April, 1980, both dates inclusive, for payment of an Interim Dividend on 29th April, 1980.

J. S. CUSHNIE, Secretary.

WANTED

WANTED

UK NEWS—PARLIAMENT and POLITICS

Tightening transport safety standards

By John Hunt, Parliamentary Correspondent

A CLAUSE WHICH paves the way for compulsory annual safety testing of all buses and passenger coaches was added to the Transport Bill during the report stage in the Commons last night.

The provisions will include vehicles run by local authorities and other public sector operators.

Mr. Norman Fowler, Minister of Transport, reminded the House that 16 young people lost their lives in a coach accident in France during the weekend.

"We must all be aware of the need to tighten up standards," he said.

The Bill, he explained, requires operators to demonstrate their competence to run their business, and that they had adequate maintenance facilities. Those who could not meet these standards simply would not be allowed to operate.

Department of Transport examiners would have the power to inspect public service vehicles at any time and prohibit their use if they were defective.

An annual test, he said, was a foolproof means of ensuring a thorough examination of all buses. At the moment there was the risk that some passenger vehicles were not examined as regularly as they should be.

The new clause would apply to all passenger vehicles which had more than eight passenger seats, regardless of whether they were used for hire and reward.

"It is a major step to bring all buses into line," he said. "It will help to give the public the confidence they deserve to have whatever kind of buses they travel on."

EEC regulations required that the new testing system should be fully operative by January 1983. This meant that the new tests would have to start by January 1982 at the latest.

The Government proposal did not go far enough to satisfy Mr. Albert Booth, Labour's Transport Spokesman, although he said that Labour MPs would not vote against it. He complained that the Government were only lifting the section of the Road Traffic Act 1972, which excluded large public service vehicles from the obligatory test certificate requirements.

Mr. Booth proposed a new clause prescribing specific regulations for annual inspection of public service vehicles at test stations or on the operator's premises.

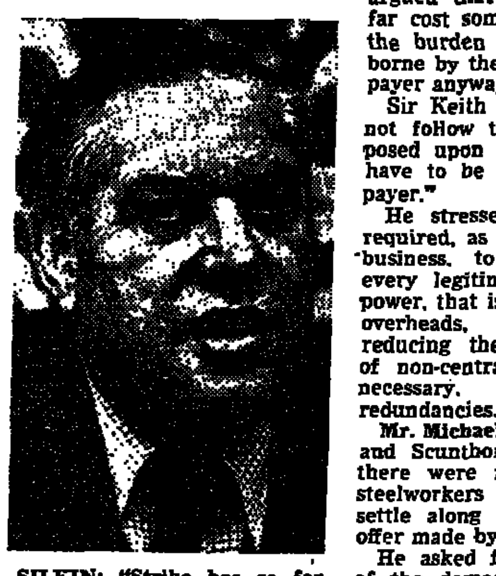
He saw the need for a "stringent and impartial requirement." The Government's new clause, he said, did not achieve this purpose and did not even specify that the tests should be on an annual basis.

Joseph firm on BSC cash

BY IVOR OWEN

RELAXATION of BSC's cash limits was again ruled out by Sir Keith Joseph, the Industry Secretary, in the Commons yesterday, when he was questioned about the financial implications of the 12-week steel strike.

He clashed with Mr. John Silkin, Labour's Shadow Industry Minister, who described the Prime Minister's weekend statement—that the Government's refusal to intervene to prevent the strike taking place had been for the sake of the taxpayer—as "extremely stupid."



SILKIN: "Strike has so far cost $200m"

To Labour cheers, Mr. Silkin argued that the strike had so far cost some £200m, and that the burden would have to be borne by the long-suffering taxpayer anyway.

Sir Keith retorted: "It does not follow that the losses imposed upon BSC by the strike have to be found by the taxpayer."

He stressed: "BSC will be required, as would any private business, to break even by every legitimate means in its power, that is including cutting overheads, buying better, reducing the stock, disposing of non-central assets, and, if necessary, by increased redundancies."

Mr. Michael Brown (C., Brigg and Scunthorpe) claimed that there were now many, many steelworkers who wished to settle along the lines of the offer made by BSC.

He asked for an assessment of the damage caused to job prospects and job security.

Sir Keith replied that he very much feared that the strike would have depressed the size of the industry.

He hoped that the industry would get back to work as soon as possible and that it would quickly manage to recover its market share.

He underlined the need to hold to the present cash limits, when Sir Anthony Meyer (C., West Flint) asked if, when the strike was over, the Government would be prepared to consider any approach from BSC for a "more intelligently phased" operation for slimming down the size of the industry.

Sir Keith stated: "I shall listen to anything which BSC may have to say. But the limits on the money available to the corporation from the taxpayer must remain firm."

In giving his estimate that the strike had already cost £200m, Mr. Silkin contended that the "gap" between the offer made by BSC and the claim made by the steel unions, was less than £50m.

Sir Keith contended that the "gap" was far more about where the money to meet the steelworkers' earnings should come from than about the size of the earnings.

"The issue is whether the taxpayer should be asked to meet some of the increase in earnings, which, in the view of many people, myself included—should come from the productivity of the steelworkers and not from the taxpayer."

JOSEPH: "Increase should come from productivity"

Moderate MPs meet to form new PLP 'mainstream opinion' group

BY PHILIP RAWSTORNE

MODERATE Labour MPs meet at the Commons tonight to form a new pressure group within the Parliamentary Labour Party.

Let by a number of former junior ministers, they have decided that the time has come to give voice to the party's mainstream opinion.

It is more than likely that they will call themselves the Mainstream Group—representing as they do a current of ideas and attitudes which flows strongly between the party's Left and Right banks but laps against both.

The MPs feel that the strength of that centrist body of opinion has not been exerted sufficiently in recent months.

The Labour Party's divisions between Left and Right have been accentuated, they believe, in a way that has failed to recognise the majority in the middle.

It's not exactly a silent majority, it has found it difficult to press its collective points against either side or, indeed, to conciliate between them.

Mr. Brynmoor John, MP for Pontypridd and a former Home Office Minister, and now the partyw spokesman on Northern Ireland, said yesterday: "We have become increasingly concerned about the polarisation within the Labour Party.

"Ideally, we would rather not see any separate groups or factions in the party. But they exist—and we feel they do not represent the majority view.

"We want to reflect that mainstream opinion both at Westminster and in the constituences."

Another MP quoted Edmund Burke: "If bad men combine, good men must associate."

Most of the MPs who are now banding together have previously steered well clear of the vairous party factions.

But they believe the Labour Party is now being seriously damaged by its intenral divisions—seen at Westminster in the running warfare carried on between the Left-wing Tribune Group and the manifesto group on the Right.

Each of these groups claims some 80 members, leaving well over 100 unattached in the middle ground.

Yet the media, in its presentation of the party internal arguments, invariably chooses spokesmen from the extremes.

"We are sick to death of being presented as two warring factions," said one moderate MP.

Some members of both Tribune and manifesto, it is said, are also becoming disenchanted with the "knock for knock" approach to each other.

The informal meetings which have discussed the situation during recent weeks have attracted support from both wings to the centre.

The new grouping believes it can thus become both a passifying and a unifying influence—forcefully asserting a majority view and hopefully concentrating the party's mind on a position to the Conservative Government rather than its internal battles.

Such a move would certainly be welcomed by Mr. James Callaghan, despite his well-known dislike of organised party groups.

Mr. Callaghan wants the Parliamentary Party to act together: to take account of all its broad church views in deciding on concerted action against the Government's policies and in devising a programme for Labour that would ensure its return at the next general election.

The mainstream MPs hope to allay any suspicions about their purpose by deliberately avoiding too formalised an organisation.

Both Mr. Merlyn Rees and Dr. David Owen have been suggested as possible chairman—and both are likely to be rejected.

Mr. John himself, with enemies neither to his Left nor his Right, is the favourite for the post.

But others who will be prominent as founder members are likely to include Mr. John Grant (Islington Central); Mr. John Morris (Aberavon); Mr. Harry Ewing (Stirling Falkirk and Grangemouth); Mr. Alfred Morris (Wythenshawe); Mr. Charles Morris (Openshaw); Mr. John Gilbert (Dudley East); Mr. S. Clinton Davis (Hackney Centlar) and Mr. Peter Archer (Warley West).

Mr. Charles Morris said: "It is a question of like minds coming together rather than a deliberate attempt to form a tightly run organisation."

Some 40 to 50 MPs are expected to gather tonight for the founding of the association, but its membership is expected to grow rapidly to around 100.

Inevitably, the group will become a force at the next Labour Party elections to the Shadow Cabinet and Backbench committees.

The Tribune Group and the manifesto group dominated the elections last year, drawing up rival slates of candidates, and even dividing the spoils in some cases.

The men in the middle may be less inclined to accept the alternatives offered to them from these directions next time.

Pickets have 'no right' to stop lorries

PICKETS WILL not have the right to stop lorry drivers crossing picket lines, Sir Michael Havers, the Attorney General, said in the Commons yesterday.

Mr. John Evans (Lab., Newton) asked Sir Michael if in view of the fact that primary pickets would still have the right to "peacefully persuade" under the Employment Bill, the Government intended to introduce a new clause into the Bill to allow pickets to stop lorry drivers.

Sir Michael replied: "It has been decided that there should be no right to stop lorry drivers."

He told Mr. David Price (C., Eastleigh) that the TUC guidelines were "very sensible" and that he was sorry to hear reports that they were being withdrawn.

In reply to Mr. Robert Adley (C., Christchurch and Lymington), who said that the majority of trade unionists in the country supported the new law on picketing in the Employment Bill, Sir Michael said that a picketing situation was "a matter for the Chief Constable and particularly the chief police officer on the ground."

Opposition pressure to lower the exchange rate resisted

BY IVOR OWEN

BRITAIN'S best manufacturing companies are finding the strength of sterling "an intense stimulus to their efficiency," Sir Keith Joseph, Industry Secretary, told the Commons yesterday.

He resisted Opposition pressure for Government intervention to lower the exchange rate and sought to reassure Tory MPs who also expressed concern about the impact which the strong pound is having on British industry.

Sir Keith admitted that the present exchange rate "must affect our manufacturing competitiveness."

He emphasised "but a strong exchange rate should help to contain inflation, and success on that front is important for future manufacturing production."

Mr. David Knox (C, Leek) suggested that the Industry Secretary should draw the attention of Sir Geoffrey Howe, the Chancellor of the Exchequer, to the fact that the exchange rate was having a severe effect on the profitability of manufacturing industry.

Sir Keith assured him "the Chancellor is certainly extremely well aware of the effect of the exchange rate on manufacturing industry.

"I repeat that to alter by Government action the level of the exchange rate, even if it were practicable, would endanger the priority objective of reducing inflation which is equally, if not more, important for manufacturing industry."

Mr. Robert Sheldon (Lab. Ashton-under-Lyne), Financial Secretary in the former Labour Government, pointed out that in one month last year imports of finished manufacturers actually exceeded exports of finished manufacturers.

He believed that the situation was likely to deteriorate further this year, and claimed tha Sir Keith's monetary policy was responsible for the failure of the Bank of England to intervene to influence the exchange rate.

Sir Keith drew encouragement from recent evidence that the British manufacturing industry was maintaining, even increasing, its exports while imports had not increased.

To let inflation rise further, which would be the effect of seeking to lower the exchange rate, would be much more damaging.

Dr. John Cunningham, a Labour front bench spokesman on industry, maintained that there was a widespread and strongly held view through industry that sterling was overvalued.

He suggested that a large number of industrial organisations—including the footwear, textile and chemical industries—had expressed this view.

The arguments used by Sir Keith, he asserted, would be more acceptable if the rate of inflation were falling and the level of exports increasing, but in both these areas the reverse was happening.

Sir Keith urged Dr. Cunningham to take account of the time lag which operated in economic matters. The inflation rate was still reflecting the loss of control over the money supply which characterised the Labour Government's last year of office.

Public debate on nuclear waste

A FULL public debate into all aspects of controversial plans to bury highly radio-active nuclear waste in Britain was promised yesterday.

Mr. Wyn Roberts, Parliamentary Under-Secretary of State for Wales, told a seminar on nuclear waste disposal that about 10 years' research would be needed before a decision about the possible construction of underground dumps could be made.

"The nuclear debate should be a rational, not an emotive one. For this to happen, detailed scientific assessments need to be made and the result published. This applies to all aspects of nuclear safety and radio-active waste management," he said.

Mr. Roberts, speaking at Llandrindod, mid-Wales, said people in areas being examined by scientists should not be alarmed by unfounded fears.

"It is clear from reports in the media and the letters that the Welsh Office have received that there are widespread misconceptions about the scope, nature and timing of the Government's geological research programme into the disposal of high level radioactive waste," he said.

The Machnynlleth and Dolgellau area of mid-Wales and three other regions in England will be examined to identify sites which appear suitable for drilling exploratory bore-holes to gain more geological information.

Already 20 different pressure groups in Wales have combined to form the Wales anti-nuclear alliance to oppose any future plans to dump waste.

Mr. Roberts told the seminar: "I can assure you that not only will the results of the geological research programme be published but there will be full publicity on the proposals at all stages.

"In particular, I must emphasise that no covert investigations are being carried out, as has been suggested in some quarters.

Mr. Roberts said the Government would provide opportunities for those concerned with the research to explain it to local people.

Labour plan 'would have saved jobs'

A CONTINUATION of the last Labour Government's economic policies would have saved around 400,000 jobs by 1982, two Labour MPs claimed yesterday on the basis of forecasts made using the Treasury's own macro economic model.

Had Labour policies included import controls, and a wages policy, then unemployment could have been reduced by 1982 by as much as three quarters of a million compared to what it will be if the Conservative Government continues with its present policies, the two maintained.

Merely using the Treasury model does not necessarily mean that the Treasury would agree with the conclusions and such forecasts involve making judgment on a whole series of economic relationships.

The two Labour MPs, Mr. Jack Straw and Mr. Alf Dubs, also claimed that the test runs showed that import controls would result in a £670m reduction in the public sector borrowing requirement by 1982. A continuation of the last Labour Government's policies, they said, would have resulted in a "manageable" increase in the PSBR in 1981 and 1982.

The MPs have had to make certain assumptions about what a Labour Government would have included in a Budget last summer, had it won the election. Mr. Denis Healey, Labour's former Chancellor, was not formally consulted about these assumptions but Mr. Straw seems confident that they were right to build fairly pessimistic assumptions about the contents of a Labour Budget into the model.

They assumed an increase in VAT to 11 per cent, together with a rise in Excise duty which would have brought in £500m and a surcharge in advanced corporation tax of £300m. They also assumed there would have been no change in income tax apart from increasing personal allowances in line with inflation.

In the same way they assumed a Labour Chancellor would have cut £500m off its projected public spending and reduced both nationalised industry borrowing and the contingency reserve. Various other assumptions were made about changes in the level of benefit and it was assumed that wages would have gone up 14 per cent in 1979/80.

On this basis, they said, the PSBR would have risen by £1,642m over the three years which, in their view, would have been manageable partly because of the consequent increase in Gross Domestic Product.

In calculating the effect of import controls, the pair assumed a 20 per cent tariff was placed upon half the imports of manufactured goods. They also assumed that an incomes policy was in operation, bringing down the rate of wage inflation to 9 per cent by 1982-83, and that income tax was raised this year to compensate for the revenue lost through a cut in VAT to 11 per cent.

An increase in personal tax allowances was also built into the model, together with an increase each year in public spending.

On these assumptions, imports would fall in 1980 and 1981 but actually rise in 1982. The two MPs believe, however, that exports would show a much larger increase in the third year.

LABOUR

Shipyard union warns over denationalisation

BY OUR OWN CORRESPONDENT

REPRESENTATIVES of the 76,000 workers in nationalised shipyards warned the Government yesterday against any move towards denationalising the industry.

More than 500 delegates from all over the country were at a Confederation of Shipbuilding and Engineering Unions' conference in Newcastle-upon-Tyne. They overwhelmingly passed a resolution rejecting any attempt "to introduce any element whatsoever of denationalisation, whether it be hiving off or sale of shares."

If proposals were brought forward, the conference should be reconvened to consider "positive action."

It also said that "privatisation" plans would mean workers reassessing co-operation on such things as restructuring, centralised bargaining, and acceptance of flexibility and changes in working practices.

Mr. John Chalmers, general secretary of the Amalgamated Society of Boilermakers and chairman of the confederation's shipbuilding negotiating committee, said later that the resolution followed a recent meeting between confederation officials and Mr. Adam Butler, Industry Minister.

The union's chief concern was possible plans to hive off profitable warship building yards such as Vickers at Barrow, Vosper Thornycroft on the south coast, and Yarrow Shipbuilders in Scotland.

As long as fragmentation of shipyards remained a possibility morale would be seriously affected.

Mr. Chalmers said: "The shipbuilding negotiating committee will tell the Government unequivocably that there is no way we will agree to the dismantling of shipyards."

Commenting on the report of Government plans, Mr. Ken Gill, general secretary of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, said: "This is monetarism gone mad.

"It would mean the end of Britain as a major builder of merchant vessels.

"The Government will not find buyers for the industry as a whole, since overall it is losing money. They will only be able to sell the profitable yards which are mainly working on military contracts, while thousands of people working in non-profitable merchant yards would be thrown out of work.

"It would be a disaster for Scotland and the North East, where whole communities depend on the shipyards."

Decision due today on national dock strike

BY PAULINE CLARK, LABOUR STAFF

NATIONAL officers in the Transport and General Workers Union will decide today whether to extend to all ports the dockers' strike which has crippled the Port of Liverpool since Friday.

A mass meeting of Southampton dockers today will discuss supporting the unofficial strike over handling of blacked steel. A mass meeting of Hull dockers is also expected this week.

A delegation of 15 dockers' shop stewards from Liverpool, Southampton and other ports met Mr. Alex Kitson, deputy general secretary of the TGWU, and Mr. Larry Smith, executive officer, yesterday to press for a national dockers' delegate conference and an extension of the strike.

Mr. Kitson said afterwards that no decision on whether the strike was official or on whether to call a national conference had been taken, in the absence of Mr. Tom Cronin, TGWU national docks secretary, who is expected to attend today's reconvened meeting with the dockers.

The strike, which has left 21 vessels idle in the port and eight waiting outside, was called last Thursday after 100 dockers refused to obey management instructions to load steel onto a ship bound for India.

They were suspended without pay, and shortly afterwards shop stewards called out the port's full complement of 5,000 dockers and more than 1,000 auxiliary workers.

Mr. Dennis Kelly, chairman of the Liverpool shop stewards' committee, said after yesterday's meeting that, as far as the dockers were concerned, the strike was official. The 100 suspended dockers had only obeyed TGWU instructions not to handle steel during the steel dispute, he said.

He had called on the TGWU to start arrangements for a national strike as the only way to achieve effective support for the steel strikers. He hoped a national dockers' delegate conference could be recalled by early next week.

Mr. James Fitzpatrick, chairman of the Liverpool Port Employers Association, warned yesterday that the strike could have a "drastic impact" on trade in the port and delay the dockers' annual pay review due on May 1.

New offer in building pay talks

By Our Labour Staff

THE BUILDING and Allied Trades Joint Industrial Council, in negotiations with the Transport and General Workers' Union, yesterday offered building craftsmen £78 a week and general operatives £67 guaranteed minima which include full consolidation of supplements.

This compares with £76.40 and £65.20 offered by employers in the main set of negotiations for the construction industry, which involves all the principal unions. These negotiations are due to resume today.

Representatives of the joint council indicated that they would consider introducing a shorter working week if this was part of a long-term pay deal lasting two or three years.

There has been considerable anxiety that these separate negotiations may cause difficulties for other employer organisations, particularly on the question of consolidation.

The council has been under great strain. Two of the three employer bodies which form it are expected to withdraw following the offer of representation on the industry's principal wage negotiations.

Conference motions attack productivity deals

BY PAULINE CLARK, LABOUR STAFF

PRODUCTIVITY agreements will come under fire when Britain's third biggest trade union meets for its annual conference in Bournemouth later this spring.

Delegates at the General and Municipal Workers Union conference will debate a motion which urges trade unionists to reject many productivity agreements which are said to have led to a loss of improved working conditions over years and to a reduction of the total labour force.

The motion submitted by Scottish members of the union emphasises the need to secure certain conditions when agreeing to productivity arrangements including security of employment based on retention of the labour force.

Union negotiators will also be urged to ensure that wage and earnings increases are immediately payable when the agreement comes into force.

The Conservative Government comes under attack in a major section of the agenda on general economic policy. A Scottish region motion urges trade unionists to launch a more determined effort to win increased wages and a shorter working week.

A motion from London members says that monetarist policies and changes to the taxation system "are having a disastrous effect on our standard of living and employment prospects while educational National Health, welfare and community services are being decimated."

Public expenditure cuts are widely condemned as are the Government's proposed amendments to labour relations law. A London region motion declares that the legislation "seeks to destroy the fundamental right of trade unions to establish an effective organisation and pursue the legitimate demands of their members. . ."

The agenda includes four motions pressing negotiators to secure a 35-hour working week without loss of earnings and adds a call for continued pursuance of a minimum basic wage target of £75 a week linked to the cost of living index.

Lancashire members will call for the two thirds majority vote on strike action to be changed to a simple majority vote.

Civil Service pension drive stepped up

By Philip Bassett, Labour Staff

CIVIL SERVICE unions have produced a leaflet on pensions designed to help members argue against what the unions see as a concerted attack on their pension rights, and in particular their index-linking.

The Government Actuary has already increased his assessment of the value of pension benefits from 2.6 to 3.8 per cent fo rthis year's Civil Service pay settlement.

The Government is ready if necessary to make further use of the pension issue to help bridge any remaining gap between the 16¼ per cent available for pay from the cash limit and 2¼ per cent manpower squeeze, and the findings of the Pay Research Unit comparability studies, after staging of the deal has been taken into account.

Sir Geoffrey Howe, the Chancellor, is expected to announce during the Budget tomorrow a wide-ranging review of public-sector pensions.

Mr. Bill Kendall, secretary-general of the unions' National Staff Side, said that civil servants were "heartily fed up" with the continuing series of "unfair and uninformed attacks upon Civil Service pensions."

LAST MAJOR HURDLE OF WINTER

Rail talks will not be easy

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF the three rail unions will this morning open talks with the British Railways Board on this year's pay settlement for the 180,000 railway workers.

All the signs are that the negotiations could be difficult. Union leaders have been repeatedly hoisting storm cones for the past few months: some more militant union officials have been talking of industrial action on the railway as "inevitable" this year.

The two unions, the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen have abandoned the public and often bitter wrangling of last year and put forward a common claim. Ministers are known to consider this the Government's last major pay hurdle of the winter, now the water workers have settled for 21.4 per cent and the civil servants seem unlikely to repeat last year's strike.

British Rail, for its part, recognises the mood of its unions, and how far down the pay league they have slipped. Senior BR officials are keen to reac ha settlement which would give substantial improvements in earnings to improve bo.. productivity and recruitment.

The board's actions though, will be hamstrung by the tight financial restrictions of its cash limit, an dits own wariness about pushing fares up again after the 20 per cent increase at the beginning of the year .

The claim calls for substantial pay increases, shorter working hours as a stage towards the 35-hour week, and longer holidays.

Union leaders have been warning that their members' expectations would be governed largely by the increases won by those groups they saw as their traditional comparators, the miners and the power workers.

Their settlements of 20 and 19 per cent respectively show where the railway workers' expectations of a minimum increase will lie.

A shorter working week will also be a high priority.

The present basic rate for railwaymen is £48.95, for guards £59.15, for signalmen an average of £65.80, and for drivers £78.20.

But with a cash limit of £750m announced in November, it will be unlikely to be able to offer much more than 13-14 per cent without some form of agreement from the unions on the thorny question of rail productivity—on which no agreement has been reached in negotiations over the past 14 months.

The Board, for instance, would like to see a new approach to rostering, an end to over-manning on trains, the removal of demarcation lines, less absenteeism, more use of technology for routine tasks.

British Rail needs productivity changes; the unions are pressing for large pay increases; the Government is keeping a tight rein on the purse strings. If the similarities with British Steel are obvious, the hope must be that the negotiations beginning today do not highlight apparent incompatibility of the three factors and lead to a similarly disastrous outcome.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Converts mechanical weighing machines

USERS of mechanical equipment seeking better weighing efficiency may be able to obtain most of the benefits of digital electronic weighing without installing new load-cell machines.

W and T Avery has developed techniques that enable weighing to be upgraded to modern standards by modifying existing mechanical weighers.

Applicable to most weigher types and capabilities, these conversions raise both performance and productivity, often dramatically. They also make the weighing operation much more flexible, enabling it to be integrated readily with data-processing networks, and to offer a wider range of control, read-out and recording facilities.

To convert an installed mechanical weigher, Avery fits an appropriately rated compression load cell into the weighing mechanism, and connects the cell to an electronic digitizer, stampable or non-stampable as necessary.

This provides most of the features of load-cell weighing since a weight on the mechanism acts on the cell, which produces a proportional analogue output. This is digitized to operate a digital display and, if required, a printer. Weight data in binary coded decimal form can also be made available for computer reading at an interface in the digitizer.

Digital weighing can perform several functions. The display, for example, can be arranged so that either of two units of weight (tons or tonnes) can be selected by switch. A read-out in litres also becomes available.

The option can extend to remote or duplicate digital displays, preset or semi-automatic tares, and active filters for suppressing the effects of liquid surge. The instrumentation can incorporate axle-weighing facilities or provide cut-off signals to control filling operations at predetermined weights. Processes such as batching and blending to be fully automated under tape, card or computer control.

Conversion results in faster weighing and more precise weight reading, digital displays registering in finer increments than dials. The weight display always appears at the same point and in an unambiguous digital style. The weighman does not have to scan as he must with a dial—or interpret a reading range to the load. The digital display gives direct read-out up to the full weighing capacity.

There are other advantages in some applications. With a combined rail weighbridge, for example, conversion allows the weighman to reset platform combinations for different wagons without leaving his seat. Instead of lever-operated points, he uses switches to select different combinations.

W and T Avery, Smethwick, Warley, Worcs. B66 2LP. 021 558 1112.

● HAND TOOLS

Strips the wiring with ease

LIGHTWEIGHT, and ergonomically designed to multiply the force exerted by the hand, is a wire stripper made in glass fibre reinforced polyamide with high tensile steel moving components from AB Engineering Co., Timber Lane, Woburn, Beds (052525 322).

Called the Mk 2 FC, it has a "floating cam" which automatically adjusts the jaws to the correct stripping depth and simultaneously adjusts the gripping pressure on the insulation.

This invention (world patents applied for) is said to prevent damage to the insulation as the pressure exerted when stripping fine wires is reduced to the minimum. For larger wires, the gripping pressure automatically increases.

● ELECTRONICS

Fast control tape production

PREPARING numerical control tapes for wire wrapping or wire termination equipment in electronic equipment production can be carried out over five times faster than by conventional methods with a new unit which can also reduce costs by as much as 75 per cent.

Using computer graphics, the unit automates the entire data entry, revision and documentation control process. Manual preparation from lists, key punching and verification and the cost of outside computer services are all eliminated.

Representing state of the art graphic data entry systems, the models PE2000 and PE4000 both use unique and propriety software depending on a controlled light-pen technique which eliminates keypunching of data, and reduces data entry times and errors.

Using simple commands, the user describes the physical layout of his circuit card via a keyboard, the information is stored on floppy disc, and then processed by wire graphics software which translates this geometry into a clear visual display of the circuit which is shown on a high-resolution screen.

The operator then uses the light-pen and simply indicates the "from-to" or signal-pin family points. All entries are acknowedged and made visible to the operator and any errors are detected by software interaction at the time of entry, ensuring that all data is valid the first time.

Software-controlled scrolling and sectoring allows the system to process and display circuit boards of up to 64 in x 64 in (160 cm x 160 m) in real dimensions, while maintaining accuracy to ±0.001 in (±0.025 mm) full scale. The indexing facility allows the operator to "jump" the display instantly between any two defined sectors in the circuit, enabling wiring points which are physically remote from each other in the actual circuit to be defined.

The two units available are able to carry out processing circuit and wiring lists of up to 2,000 and 4,000 points respectively. In both forms the systems have demonstrated reductions in tape generation costs of as much as 75 per cent and reductions in tape generation times from weeks down to a few hours.

OK Machine and Tool (UK), Dutton Lane, Eastleigh, Hants SO5 4AA. 0703 610944.

● PROCESSING

Extracts the unwanted nails

GLENTORE Timber Products, a small company firm in Glenrothes new town, Scotland, which reclaims wood from packing cases and pallets searched in vain for an automatic method of extracting nails. Failing to find anything on the market, director Jack Mustoe designed and built one himself, Ray Perman reports from Edinburgh.

The result is a pneumatic gun with two jaws which close to grip the nail just below the head. An outer tube then moves forward to press against the wood and extract the nail quickly and cleanly.

Glentore has been so impressed that it is having the gun manufactured by a subcontractor and is marketing it in the UK through a subsidiary, Glentore Engineering Products, and through agents abroad.

The gun works on a standard 60-100 psi compressed air supply and Glentore can provide a small compressor to go with it if needed. Development work is now under way on a hydraulic version which will be much more powerful and able to extract six inch nails compared to the three inch maximum of the pneumatic model.

At £450 plus vat, the gun is expensive, but Glentore claims that it can recover the cost in a week in reclaiming wood which would be badly damaged by manual extraction. Many nails also come out straight enough for re-use.

The company believes that users working with higher value products, such as shuttering or floorboards, could recoup the cost quickly.

Glentore Engineering Products, 54 Tannoch Drive, Cumbernauld, Glasgow. Cumbernauld 20937.

● PLASTICS

Cuts waste in moulding operations

WITH THE inevitable increase of plastics prices in parallel with those of oil, ways of reducing material waste and product rejects in injection moulding become financially more attractive.

Italian company Societa Italiana Microcomputers of Turin has designed the 634A controller, a small microprocessor-based unit which will ensure that correct pressure is used within fine limits on almost any injection moulder and provide useful data at the same time.

A small slot is milled in the ejector plate of the moulder to accommodate a load cell assembly so that one of the ejector pins acts upon the cell to give moulding pressure data.

The transducer is cable-connected to the electronics box which has a digital read-out for pressure with thumbwheel switches to set the required pressure, the diameter of the ejector pin in use (which affects the force transmitted), desired hold times and cycling characteristics.

By connection to the hydraulic system the unit will then precisely control the packing of the moulding cavity by switching to the holding/cooling phase when the pressure has risen to a pre-set value.

During mould filling the peak pressure achieved is displayed and in addition the operator is warned if he is overloading the sensor or using the wrong type, the micro performing the necessary calculations. But during this period the machine is also taking pressure measurements at intervals and keeping the results in a solid-state store. They can be read out on the display for post-mortem purposes. In addition, a count is kept of the number of injection shots the machine has performed.

Agency for this equipment in the UK is held by Mr. R. Savage, 48a Courtfield Gardens, London, SW5 (01-373 5642).

● TRANSPORT

Phones for motorways

A WEATHERPROOF telephone instrument intended for use on motorways and large plant sites can be obtained from Neumann Communication Systems of 151 Lower Luton Road, Harpenden, Herts AL5 5EQ (05827 67011).

High reliability and low maintenance are claimed, and the unit is mounted on a "crumple pillar" so as not to cause a serious danger to vehicles in an emergency. The box itself is made from glass fibre reinforced polyester with load carrying rods to provide high mechanical strength.

Either a handset or a key operated loudspeaking system can be chosen and the user contacts a central control office by depressing a key, immediately receiving acknowledgement from the central equipment by means of a lamp or an audio tone. The central operator can immediately see the location of the phone and by pressing a button can talk to the motorist in distress at the other end.

All the switch contacts in this unit are sealed magnetically operated reeds, giving immediate connection even after long periods of inactivity. No local power units are needed since current is supplied over the line.

● COMPONENTS

Wide choice of springs

DESIGNERS AND engineers are offered a selected combination of springs to meet all possible requirements from two new extension spring kits from Lee Spring, Cordwallis Estate, Maidenhead, Berks. (0628 32316).

Music wire springs (Kit No. 300) are cadium plated and range from 0.007 to 0.075 inches with free lengths from 0.250 to 5.000 inches and outside diameters of 0.062 to 0.750 inches. Their load capacity ranges from 0.32 to 20 lbs.

Stainless steel springs comprise Kit No. 301 and have load capacities of 0.52 to 17.2 lbs, range from 0.007 to 0.075 inches with free lengths of 0.250 to 5.000 inches and outside diametres of 0.062 to 0.750 inches.

Each kit is packaged in a compact metal box with the extension springs compartmentalised separately and instantly identifiable. Detailed specification of each spring is printed on the inside lid of the box and each spring has easy-to-read and locate data.

● CONSTRUCTION

Cheaper reinforcement

ALTHOUGH THE concrete reinforcing bar is considered a common or garden steel product not difficult to manufacture, customers often want them to possess high yield strength, be weldable, and have excellent binding properties.

The steel producer is obliged, therefore, to incorporate in the metal special alloying elements, such as niobium or vanadium (which are costly and push up the cost of steel) and also he may cold work a mild steel bar, by torsion, say, but the cost of this operation is generally higher than the addition of the previously mentioned elements.

Now, an original process has been developed which avoids these costly additions, or an additional cold working operation, announces the Centre de Recherches Me'tallurgiques, rue de Val-Benoit, 64 B Liege, Belgium.

Simple in principle, the process consists of quenching the surface of the product when it leaves the last rolling stand at a sufficiently high cooling rate, but in a sufficiently short time for the core of the product to remain hot.

By this controlled cooling, the heat emanating from the core provokes the tempering of the surface quenched layer—hence the name Temcore being given to the new system.

Numerous tests performed in 1974 on an industrial bar-rolling mill fitted with the Temcore system have shown that the resultant concrete reinforcing bars possess better properties than those obtained with alloying elements or by cold working, says the CRM. It has filed a number of patents to cover its process as well as the product.

Surface is non-slip

NEW APPLICATION for "Beetle" DMC (a glassfibre reinforced polyester dough moulding compound) is in moulded, non-slip floor tiles from Granflex (Plastics), Basford, Stoke-on-Trent.

Tile measures 300 mm square and has its upper surface patterned in a small pyramid effect said to give an effective non-slip surface which retains this property under wet and icy conditions.

Primarily designed for walkways and emergency exits on flat roofs the Grantile promises to withstand hard wear and severe weathering, and high point loadings.

New backhoe loaders

EXTENSIVE FIELD trials after some five years' development preceded the launch of the International 260A side shift backhoe loader.

Built at Doncaster in England, this machine entered full-scale production in March, making Doncaster one of the largest backhoe loader production centres in Europe. Total output in 1980 will be in excess of 3,000 units.

Two-lever backhoe control on this unit gives at-a-touch feeling for all digging and dump cycles so that the operator is less fatigued at the end of his working day. From the seated position the operator can switch from backhoe to loader work by means of the simple "flip over" dual position seat.

Variable flow hydraulics give optimum digging performance, engine power is improved and there is a choice of transmission.

Strength comes from a welded integral mainframe structure in which the engine and transmission are located and isolated from all the stresses and shock loadings developed by backhoe and loader work. Unlike some design of "skid" units the backhoe and loader arms of the 260A are mounted direct to the mainframe which absorbs the digging stresses.

Power for the 260A comes from an International D-239 direct injection diesel engine, developing 52.2 kW (70 hp) at 2,200 rev/min. As standard, a torque converter transmission is offered giving six forward and three reverse speeds. Full hydrostatic drive is available as an option.

International on 01-572 7434.

Abrasive cleaner

ABRASIVE BLAST cleaning machine Clemco SCW 1632 is a compact, stable unit for general maintenance work, gas pipe encapsulation, masonry and timber cleaning, glass etching and furniture restoration.

With capacity to hold a full 50 kg bag of expendable abrasive, operator time and abrasive wastage is reduced.

The machine weighs 60 kgs empty, is 400 mm in diameter and 800 mm high. Mounted on 152 mm diameter wheels, it is easily moved round a site.

The pressure vessel is tested to 220 psi or twice the working requirement.

Hodge Clemco, Orgreave Drive, Handsworth, Sheffield S13 9NR. Sheffield 697351.

BOC's new blood applies the surgeon's knife

BY HAZEL DUFFY

HOWEVER MUCH the British might admire American management, it is an extremely unusual innovation for them to give an American the chance to manage a thoroughly British company.

Richard Giordano, who became managing director of BOC International last October, says it was "an accident of the times" that it was an American who got the job. The important thing was that BOC's 1977 acquisition of his U.S. company, Airco, had entirely changed the British company's make-up.

Not only did it nearly double BOC's size overnight, but it transformed it from a predominantly British and Commonwealth-based group into a multinational. Last year, Airco contributed nearly 50 per cent of BOC's total trading profit, though its profitability has been much more cyclical than BOC's in the past.

Giordano's credentials for the job were impeccable, but it still came as a surprise that he landed it. As president and chief executive of Airco, he had fought a bitter battle against BOC's efforts to take it over, resigning his place on the BOC board (the seat had been created when BOC first bought a stake in Airco back in 1973). He rejoined the board in January 1979 after BOC had won the battle.

In that same month, John Williams, head of the UK company, was made chief operating officer of the BOC group, which was a new post. Sir Leslie Smith, still only 59, continued as chairman and chief executive. But Williams became seriously ill only a few weeks after moving into the job, and retired from BOC last June. Just two days later, Giordano's appointment as managing director was announced, with Sir Leslie staying on as chairman.

The post is quite different from the one occupied by Williams, whose brief was essentially confined to co-ordinating some of BOC's basic product businesses. Giordano is considered by some to be the only person who could bring about the integration of BOC and Airco, but he would obviously only be prepared to move to a more powerful job than that of chief operating officer. He must now be assumed heir-apparent to the chairmanship, which Sir Leslie has said he would like to retain until 1986, the year of the group's centenary.

At the age of only 46, Giordano is receiving a very much larger salary than anybody else at BOC, including Sir Leslie Smith. The actual figure will not be revealed until the next set of accounts is published, but Giordano admits, quite reasonably, that he was certainly not going to take on the job for less than he was getting at Airco.

For several reasons, then, Giordano's task might be seen as particularly delicate. The former "leader of the opposition," he now heads the government he once opposed. Not only that, but he has the sensitive job of taking some of the Britishness out of a long-established British company.

His priority is the organisation of a centralised structure to direct the activities of a multinational operation. Though BOC has always been an international company, with subsidiaries and associates throughout the world, its management style has been very decentralised, relying extensively on good personal communications with head office in West London.

The system worked partly because the business of its various companies was concerned mainly with industrial gases and welding equipment—"gas and gear" as it is called at BOC.

Two things upset this rather cosy arrangement. First, BOC began diversifying in the UK in the late 1960s. Ironically, this was done because industrial gases were viewed as a static market. Ten to 15 years later, gases have proved to be a growth industry, and some of the diversifications have turned out to be less than successful. Second, the acquisition of Airco in 1977 meant that the largest single component of the BOC group was now outside the UK. Moreover, Airco has brought with it certain products which are new to BOC.

Giordano says he has no intention of head office managing the businesses worldwide, but "we are determined to manage the group." The prime concern must be to increase the rate of return, and nowhere is this more pressing than in the UK. Giordano is quite clear that this must mean a policy of retrenchment, especially in some of the more peripheral activities.

BREAKDOWN OF SALES, PROFIT AND CAPITAL EMPLOYED

Year to September 30, 1979	Sales £m	Trading profit £m	Capital employed £m
By region			
Americas	509.3	56.1	441.0
Europe	504.2	31.4	417.9
Pacific	123.8	20.5	123.6
Africa	86.9	14.9	80.1
Asia	4.8	1.7	5.2
	1,299.0	124.6	1,067.8
By product			
Industrial gases	434.2	66.7	588.3
Carbon graphite, metals and chemicals	285.8	29.5	165.1
Welding products	219.7	12.3	143.1
Medical products	128.9	10.6	94.3
Other products and services	85.8	2.4	35.8
Engineering	74.6	6.2	41.2
	1,299.0	124.6*	1,067.8

* After deduction of corporate costs of £3.1m.

The new centralised structure is adding a product bias to the traditional geographical make-up of the board. David Craig, who came to BOC from Airco with Giordano, now oversees this function as deputy managing director in charge of planning, while Paul Bossonet, also deputy MD, is in charge of finance and administration.

Giordano illustrates the way he sees these functions operating on a centralised basis with reference to spending on technology. "We do not want to do the planning for all the various companies, but we must be sure that we know what they are doing. It is all very well having lots of men running around in white coats doing technology development, but not if they are duplicating what is being done elsewhere in the group."

Investment in capital projects also needs more centralising, he suggests. "To decide which companies receive what proportion of our resources, we must have more information on their finances. Previously it has been a case of: 'If we make the money, then we spend it,' but now we shall be deciding upon their claims to the group's resources." BOC is investing at the rate of £150m annually, 80 per cent of it in gases and carbon-graphite products.

The group's four main activities since the Airco acquisition are: industrial gases, welding equipment, medical equipment, and carbon-graphite products. They account for around 80 per cent of the group's sales and more than 90 per cent of profit. Industrial gases is the largest, contributing about half the total profit (1979 trading profit from this source was £66.7m) and has proved to be the one certain growth product.

The industrial gases industry is dominated by a handful of companies—Union Carbide and Air Products in the U.S., BOC in the UK, L'Air Liquide in France, and Linde in Germany. BOC's dominance is in the UK, although Air Products has taken some of that market—particularly in bulk supplies—and Australia and South Africa. Its Airco subsidiary is number three in the U.S.

The main reason BOC (and some of its competitors) decided over a decade ago that industrial gases were a non-growth business was that they were concentrating their attention on their existing customers. Most of the growth that has emerged since the early 1970s has come from new applications, with bulk supplies growing most rapidly; canister sales, and on-plant supplies (mostly to steel and chemical makers), provide a less exciting prospect.

An important feature of this trend is that BOC does much of the development work for potential customers; one example is the use of nitrogen in food freezing.

Despite the growth in the range of clients, BOC's industrial gases are much the same product worldwide, and Giordano believes there could be much closer co-operation within a centralised structure which would allow this sort of information to be exchanged.

Apart from planning and finance/administration, the other two MD-level functions will be personnel and communications. They are new to this level of seniority, and reflect Giordano's personal priorities in management.

On personnel, Giordano says: "We need a central view of where our talent is. One of our greatest constraints is good people. We need to build up a core of multi-national management which will move anywhere around the world, in the way that Unilever, ICI, and other British-based multi-nationals have achieved." Communications, he believes, is essential both internally and externally, and therefore warrants a very senior appointment.

Giordano recognises that his most pressing problem is BOC's performance at home, in the UK. The solution must be to shed some of its peripheral businesses, and to become more cost-effective on its main activities.

The businesses bought or developed as part of the diversification drive were mostly small in relation to the main activities, but some of them have taken up a disproportionate amount of management time without producing the return that had been expected of them. At Airco, where Giordano had been faced with a similar problem, he set about the disposal of some of those diversifications. The largest, which was Airco's business in forro-alloys, was not sold off until last year.

Pizza pies

Sir Leslie Smith referred in his last report to "a reappraisal of substantial parts" of BOC's UK activities, "with a view to disposing of those which appear unlikely, in our hands, to meet our profit criteria but which could be successful in different circumstances."

The policy has not always found ready support among UK managers. There was considerable disappointment, for example, when BOC sold its stake in Hall Automation, a small company making robots which GEC-Marconi took over.

Giordano explains that the sale did not mean that he is not interested in robot developments. He says BOC is looking at other possibilities, which if they come to anything will mean the acquisition or a joint venture with a company which is considerably larger than Hall.

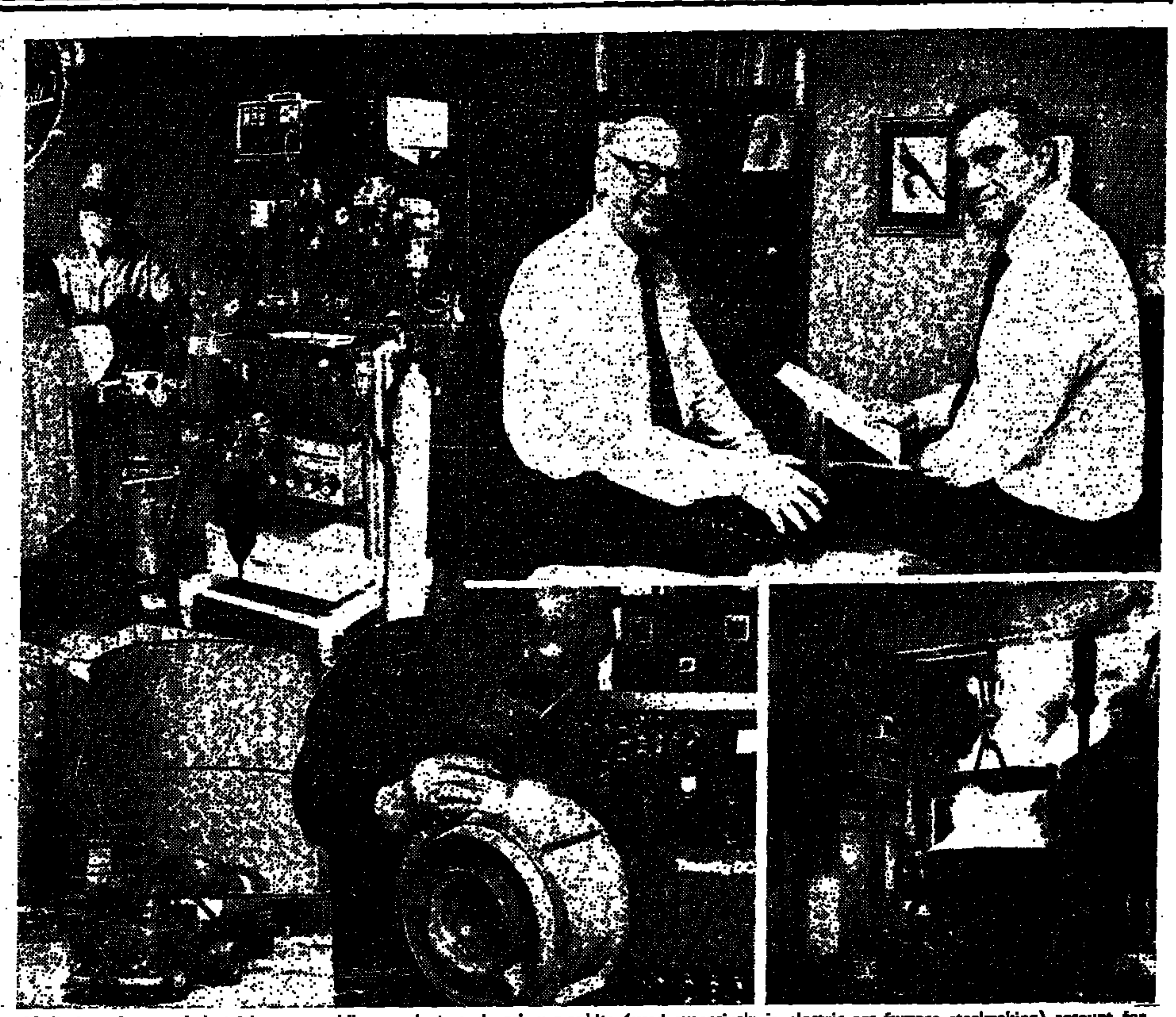
He does not hold with what he calls "the fostering of seed companies—they have to be big enough to make an impact on BOC as a whole." Certainly, some of BOC's past diversifications have been a little bizarre. It was, for instance, the biggest manufacturer of pizza pies a few years ago, and has had pea-growing interests in Spain.

The disposal policy does not mean that BOC will no longer be interested in diversification. Giordano thinks that in time BOC will need to add two other major activities to its existing main businesses. Nor does it mean that all the peripheral interests will be sold off. BOC sees computer services, for instance, as "very attractive."

But the priority today is to ensure the greater profitability of the existing parts. "This is not," says Giordano, "a time for bold adventures."

Every time BOC is mentioned in the City, the subject of its borrowings raises its ugly head. For a long time, the group has had a high gearing, and it is natural that it should be looked at particularly askance when interest rates in the UK and the U.S. are so high. Giordano replies that "everybody has been clucking about it for so long, but we have not gone broke yet. More seriously, I forecast that our gearing will go down slightly, but our borrowings will increase. The difference, I hope, will be made up by higher profitability."

If the UK represents its most urgent priority, the greatest challenge facing BOC is assimilating Airco, with the help of a new structure which will direct and manage such a changed group of companies. Giordano says he came to London expecting to stay for five years, and perhaps for ten. For a good part of that time, he knows he will be concentrating on that central task.



Medical equipment, industrial gases, welding products and carbon-graphite (used extensively in electric arc furnace steelmaking) account for 80 per cent of BOC International's sales. But Richard Giordano, managing director (seated top right with Sir Leslie Smith, chairman), says that in time BOC will need tc add two more major product lines to its range

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley, HA9 8DJ.

Managing the Multinational Corporation. Y. K. Shetty in Management International Review (Fed. Rep. of Germany). No 3/79: p. 39 (9½ pages)
Examines similarities and differences in the management of American and European-based multinationals, in terms of ownership strategy and the corporate organisation structure; compares their corporate attitudes towards joint ventures and seeks reasons for U.S. firms' resistance; discusses why European companies accept a greater degree of decision-making autonomy among their affiliates.

Why Executives Change Jobs. P. Meyer in The Personnel Administrator (U.S.), Oct. 79: p. 59 (5 pages)
Reviews reasons for executive wastage, in the context of current socio-economic trends, and identifies the search for better career prospects, increased responsibilities, better pay and avoiding job-related dissatisfaction as the principal causes—with personal and family quality of life making a minor contribution.

Participation Structure and Two-Way Communication. J. A. Millar in Management International Review (Fed. Rep. of Germany), No 3/79: p. 89 (13 pages, biblioq.)
Discusses the impact that traditional and authoritarian management in UK, coupled with the lack of an effective system of consultation and two-way communication, has on the introduction of worker participation. Summarises world-wide research on participation, and outlines the limitations of collective bargaining as the sole form of worker participation.

Japanese Trading Houses on the Way Down. R. Benyon in Marketing (UK), September 1979; p101 (1½ pages).
Claims that, contrary to popular belief, the Japanese trading houses—non-technical people in an increasingly technical world—are in decline: suggests that, despite all the hard work involved, it is better for the UK exporter to go straight to the ultimate buyer rather than work through the trading houses.

Corporate Social Reporting in Germany. M. Dierkes in Journal of General Management (UK), Summer 1979; p3 (11 pages, table, bibliog).
Reviews the state of the art of social accounting and corporate social reporting in the Federal Republic of Germany, reports experiments being developed by specific firms, and identifies trends likely to influence future development.

The Hidden Messages Managers Send. M. B. McCaskey in Harvard Business Review (U.S.), Nov./Dec. 79: p. 135 (14 pages illus.)
Discusses how to recognise the mesages people are transmitting through their use of metaphorical speech images, work settings and body language, and the value of such messages in the interactive communication process; suggests how to achieve skill in reading and sending messages in a managerial setting.

Environmental Variables of International Transfer Pricing. R. Y. W. Tang and K. H. Chan in Abacus (Australia), June 1979, p. 3 (10 pages, tables)
Examines factors which influence transfer pricing policies of U.S. and Japanese multinationals, such as the interests of local partners, currency movements, anti-dumping legislation, import restrictions, and taxation differences between countries; reports on the differences regarding the relative importance each gives to the various factors.

A Model of Corporate Social Performance. A. B. Carroll in The Academy of Management Review (U.S.), October 1979: p. 497 (9 pages, diags., table)
Summarises various academic views of what social responsibility in business means: examines the bases on which it may be defined, the issues for which it exists and the nature of responses to those issues; develops a conceptual model which is said to identify social issues and improve diagnosis and planning in the area of social performance.

Electronic Funds Transfer. S. D. Kaplan in Administrative Management (U.S.), Sep 79: p. 30 + Oct 79: p. 35 (7½ pages)
Examines the state of the art of EFT, drawing on examples of its use in the retail, banking and utilities fields; discusses obstacles to its wider acceptance by the public, such as concern about invasion of privacy, loss of individual control over payment for transactions, and possibility of computer error, and points to the contribution the banking industry can make to allaying consumer fears.

The Overburdened Manager and Decision-Making. P. D. Olson in Business Horizons (U.S.), Oct 79: p. 28 (4 pages)
Seeks to explode "myths" about top management having the time to plan reflectively, and relying on historical information as a basis for decision analysis; outlines the organisational conditions necessary for a manager to delegate tasks to a management analyst and, alternatively, suggests an error analysis technique which can be used by decision-makers to supplement their own judgment and experience.

LOMBARD

Supervising the pension funds

BY CHRISTINE MOIR

THE PICTURE emerging from a grudging Electricity Council following the suspension of the investment managers of its pension funds is of a 10-year investment in a property development company which went badly astray. As such it is a timely reminder that not all the problems of the secondary bank crisis and property collapse of 1974 have been worked out of the system.

The real issue, however, is not whether a particular investment by the Electricity funds was successful—or even, ultimately, might or might not involve fraud—but whether it was made by reference to a prudent overall investment strategy, adequately monitored.

Concern

The supervision of pension fund management has been giving rise to growing concern for some time; it is one of the major items on the agenda of the Wilson Committee which is investigating the financial institutions. The Electricity Council's problem provides an opportunity for pension fund supervision to be closely examined and is such, contrary to the Council's claim, very much a matter for proper public interest.

Ultimate responsibility for supervision of the £40bn of savings handled by the pension fund movement rests with the boards of trustees of the individual funds. Unfortunately their responsibility is unmatched by any burden of accountability. Unlike the boards of banks or life assurance companies pension fund trustees have no watchdog, no higher supervising authority. They do not legally even have to file reports and accounts, though most do so voluntarily.

The absence of high level regulation of trustees has had its inevitable effect. They have been recruited from a hotchpotch of worker representatives and middle management with scant regard to their investment experience or competence. Once appointed they have been left to lay down investment policies and monitor the performance of their officers almost in a vacuum.

To give credit where it is due, most of the bigger companies have grown aware of the looming dangers of low-calibre supervision of such huge sums of money and have embarked on professional portfolio management training for reconstructed boards of trustees. It was in the course of such a shakeup that the Electricity Council's problem became clear and led to the precipitate action by the newly apointed chief trustee to hand the matter to the Fraud Squad and suspend the officers.

Much still remains to be done to encourage companies to seek out independent trustees of wide and profound investment and commercial experience and then to ensure that they fulfil two specific roles: the establishment of prudent and formally expressed investment strategies; and the stringent monitoring of the performance of the investment managers in terms of those strategies.

Not that such a course, however well regulated would totally eliminate the possibility of losses by pension fund managers. Investment is about risk. What sound portfolio strategy is about is limiting the size of the potential risk in proportion to the size of the portfolio.

Prudent

It would be a pity if the immediate reaction to the Electricity Council's particular disaster in the field of venture capital was to cause trustees generally to order their investment managers out of venture capital investments. That would be good neither for future pensioners in their demands for reasonable retirement wages nor for British industry in its search for investment capital.

Rather what is needed is for trustees minutely to scrutinise the exposure of their funds to venture capital investments and for company boards to examine whether their trustees have established prudent investment strategies and systems of monitoring their investment managers which will limit the possibility of disaster or fraud.

What a merchant's list should tell you

THESE DAYS wine lists come in all sizes and several shapes. Some firms, such as Adnams of Southwold, Averys of Bristol and Tanner of Shrewsbury, have embraced the Continent-originated A & B sizes. These are well enough for the more compact measures, but when they spread to A 4 (11.69 inches by 8.27 inches) they may impress initially by their size and lavish appearance, but are exceedingly awkward to file; and so may be disposed of into the waste-paper basket sooner than their suppliers would wish and their contents deserve.

If, as laid down by a Cambridge professor, the criterion of a wine list is that it be easy as well as enjoyable to read in bed, then there is a good case for it to be no larger than a book designed for the bedside rather than the coffee table. These include the current lists of Findlaters and Harveys of Bristol. An acceptable alternative is a tall, narrow format, as favoured by Corney & Barrow of Helmet Row, EC4, and O. W. Loeb of Jermyn Street, SW1. But for after-breakfast study in the most intimate of rooms, the most convenient may be the 5 inches by 3¼ inches list of Berry Bros & Rudd, unaltered in format for at least the past 40 years, though prices are no longer given in dozens and VAT has to be added by the client. For one does not suppose that in St. James's Street they have mere customers.

Alongside these formally printed lists, many of the enterprising new firms that have sprung up in the last 10 years or so have produced more modest lists, in facsimile typewriter, from Hicks and Don of Coulston, Westbury, Wilts, or duplicated from Townsend of Coleshill, Amersham, or staple-bound printed pages, from Côte d'Or Wines of Pitshanger Lane, W5, or neatly folding cards from Laymont and Shaw of Falmouth and the Malmesbury Vintner of that Wiltshire town.

Perhaps the most elaborate and certainly the bulkiest list is that recently issued by Victoria Wine, apparently partly designed for the Press. Separate leaves inserted in transparent plastic files are cased in a spring-back hard cover; and the leaves are to be replaced as the lists change. There are useful notes, particularly for the fine, expensive clarets, and no doubt the next issue of the champagne pages will spell Widow Clicquot's name correctly!

What do those wine drinkers, who are keen but necessarily incompletely informed, look for from a wine list? First, obviously, a well-chosen selection that gives the reader confidence, with a measure of choice not only in price but in range.

Traditionally a merchant's list was judged by the clarets, reflecting the traditional British taste in red wines, and this no doubt explains the poor showing that burgundies and German wines still have on many lists. The surviving serious merchants even now usually devote more of their pages to red bordeaux than to any other wine, though Avery's gives more space to burgundies and Loeb's to its speciality, fine German wines. Coulston.S3$ bv

Secondly, the inquiring wine amateur needs information about the wines listed. Admittedly this is a problem, for reasons of space as well as the difficulties of describing wines in words. Yet the degree of detailed knowledge that most of us list-scanners possess is less than generally realised, but on a socially sensitive subject this is not always acknowledged. Nevertheless, most wine above the everyday drinking level is nowadays bought not over a glass of sherry in the merchant's parlour but by post. So without some guide to each vintage wine the only criterion is price.

Some firms meet this by notes on the various vintages, accompanied by more general remarks on the districts. Adnams do this well. Yet how could Berry's, even if they adopted a revolutionary enlargement in their list format, describe the 115 clarets in the current issue? Or Corney and Barrow in their rich bicentenary catalogue expatiate individually on almost 250 clarets? Nevertheless how does the customer choose between four *petits châteaux* 76, all priced at £2.75 a bottle, with others at similar cost adjoining them? Perhaps wines between certain price brackets could be grouped together and commented thereon.

WINE

BY EDMUND PENNING-ROWSELL

All the lists mentioned above are worth studying, but of those currently to hand Corney & Barrow's well-designed 72-page catalogue should be singled out. Not only is it unusually comprehensive, but the vintage notes are useful, including some reservations on the quality of the '78 clarets and the prices of burgundies, as well as a short historical account of the firm's first 200 years in the City of London.

My only criticism is that prices do not include VAT, and one has to read page 70 to find that out from a one-line note. It is appreciated that Corney and most other merchants who also exclude VAT may have trade and institutional customers who can pass on this tax, and therefore do not pay it, but surely they can work out the deduction, whereas it is unintentionally misleading to private buyers. Among the minority who do provide VAT-included prices are Findlaters and Justerini & Brooks. It is expected, however, that in the near future VAT-included prices may become compulsory.

Another out-of-the-ordinary list is that of Andrew Low of Dunwich, Saxmundham, who specialises in rare vintage bottles, often secured from the London wine auctions. They range from a single bottle of Lafite 1858—the first post-oidium year—at £1,917 (plus VAT) to three magnums of Rausan-Ségla '72 at £19.17. The number of doubtful vintages represented must indicate their suitability for notable anniversaries of births, for the dating of which none of us was responsible. One of these was 1914, which Mr. Low annotates as "hot year: wines made under somewhat difficult conditions with regard to politics and labour supply." One might add that a war began a few weeks before the harvest!

In addition to VAT, a further point for customers to note is the delivery charges that merchants are obliged to impose outside their van areas. The variation is considerable. While Averys, Justerini and Brooks and Patens of Peterborough send one dozen free, and Harvey's does not charge for delivering unmixed dozens, Berrys and Loeb's charge for less than two dozen, Christopher for under five dozen; Lay and Wheeler of Colchester under 10 dozen and Adnams under 21 dozen, though this is being revised. Some charge on all orders, irrespective of quantity, and nearly all make an extra charge for Northern Ireland. These charges are exclusive of VAT.

It is also worth reading the small print about rentals for customers' reserves, an invaluable facility that all traditional wine merchants should provide in these domestic cellar-less days. The annual charge is now about £1.50 a dozen, plus VAT, but some are higher, and all are likely to rise with inflation. In view of the considerable advantage in buying vintage wines when first offered, this is a factor not to be overlooked when placing orders. Not all wine merchants, especially the smaller, newer firms, can afford it, and some that do make no mention of it in their lists.

A further question that the buyer might well ask is whether his/her reserves can be identified clearly and separately. Otherwise, if misfortune were to overtake the merchant, the customer might lose the precious wine. It has happened.

First woman trainer dies at 91

THAT REMARKABLE lady of the Turf, Miss Norah Wilmot, has died soon after her 91st birthday. Through her efforts women trainers became recognised—after a long battle, she was the first woman to be granted a Jockey Club trainer's licence in her own name in August, 1966.

From 1931 until then Miss Wilmot had trained, but the licence was in the name of her head lad. From 1911 to 1931 she had assisted her father, Sir Robert Wilmot, in training racehorses.

Although her success of late had been modest, Norah Wilmot landed many big prizes in her career, including the Blue Riband Trial Stakes, the Doncaster Cup, the Goodwood Cup, the Newbury Spring Cup, the Newbury Autumn Cup, the George Lambton Cup, the Brown Jack Stakes, the John Porter Stakes and the Classic Trial Stakes at Kempton.

She lived at Binfield Grove, Binfield, Berks, and will be greatly missed.

RACING

BY DOMINIC WIGAN

By far the most interesting race today, to my mind, is the Burton Overy Stakes over a mile at Leicester. Here Dragon's Head meets Rabdan, Millbank and Lawrence Lee. Although the Paul Mellon-owned Millbank possesses a good deal of ability, he does not always care to use it. For this reason I prefer Dragon's Head.

This handsome colt by Star Appeal out of Royal Rosette (already responsible for two winners) put up a fine performance to take third place in the Intercraft Solario Stakes after his rider lost his irons in the early stages. Dragon's Head is thought to be well forward.

LEICESTER

2.15—Hot Silk
2.45—Star Rhythm
3.15—Dragon's Head***
3.45—Rich Vision**
4.15—Octavia
4.45—So Long Lilly*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.14 For Schools, Colleges. 2.30 Enthronement of the Archbishop of Canterbury. 4.30 Jackanory. 4.45 Lassie. 5.05 John Craven's Newsround. 5.15 Fabulous Animals.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Yankee Dood It.
7.05 One More Time (London and South East only).
7.35 Life on Earth.
8.30 Time of My Life
9.00 News.
9.25 Rebecca.
10.20 Home Movies.
11.10 Platform One: Lord Butler in conversation.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—10.38-10.58 am I Ysgolion. 4.45-5.05 pm Un Noson D-w-ll. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 One More Time! (as London and South-East). 10.20 Current Account. 10.50 The Making of Mains. 11.20 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools. 5.55-6.20 pm Scene Around Six. 7.05-7.35 Children and their Music. 10.20 Spotlight on Northern Ireland Affairs. 10.50-11.40 Home Movies. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Quidnunc; Midlands (Birmingham) Open House; North (Leeds) Close-Up North; North East (Newcastle) Looks Natural; North West (Manchester) Ready Eddie Go; South (Southampton) All Change For . . . Poole; South West (Plymouth) This Way Up; West (Bristol) Sports Show. 9a2Enow is the time for alloogd

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.40 pm For Schools, Colleges.
3.55 Play School.
4.20 Yogi Bear.
4.50 Open University.
6.55 The Great Egg Race.
7.25 Mid-Evening News.
7.35 The Past at Work.
8.00 Change of Direction.
8.30 Writers and Places.
9.00 A Question of Guilt.
9.30 Yesterday's Witness in America.
10.20 Trail and Sail.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Leave it to Charlie.
9.00 Hollywood.
10.00 News.
10.30 "Why Rock the Boat?" starring Stuart Gillard.
12.35 am Close: Personal choice with Ray Smith.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 10.30 Feature Film: "The Sound and the Fury" starring Yul Brynner, Joanne Woodward and Margaret Leighton. 12.30 am Anthology.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 ATV Newsdesk. 10.35 The Tuesday Movie: "Soft Beds, Hard Battles" starring Peter Sellers.

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Who Pays the Piper? 11.30 Celebration. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and weather. 5.15 Bailey's Bird. 6.00 Report at Six. 10.28 Channel Late News. †10.32 Feature Film: "Rattle of a Simple Man." 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 6.00 North Tonight and area weather forecast. 7.00 Fantasy Island. 10.30 Cover to Cover. 11.00 Reflections. 11.05 Who Pays the Piper. 12.05 am North Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 10.30 Film of the Week: "The Looking Glass War."

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best in the West. 10.30 Who Pays The Piper? 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 12.0-12.10 Fialabalam. 1.20 pm Penwadau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Worzel Gummidge. 10.30 Bywyd. 11.30 World in Action. 12.00-12.30 am How's Your Father?

SCOTTISH

1.20 pm News Headlines and road and weather report. 1.30 Selwyn. 5.15 Spring Song. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 7.30 Father Dear Father. 10.30 Encore for the Arts. 11.15 Late Call. 11.25 Fireside Theatre.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.30 Who Pays the Piper? 11.30 Southern News Extra. 11.35 Kaz.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 How's Your Father? 6.00 North East News Headlines 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 North East News Headlines. 10.35 Who Pays the Piper? 11.35 Police Woman. 12.35 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.16 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 England Their England. 10.29 Ulster Weather. 10.30 Feature Film: "Situation Hopeless But Not Serious" starring Sir Alec Guinness and Robert Redford. 12.15 am Bedtime.

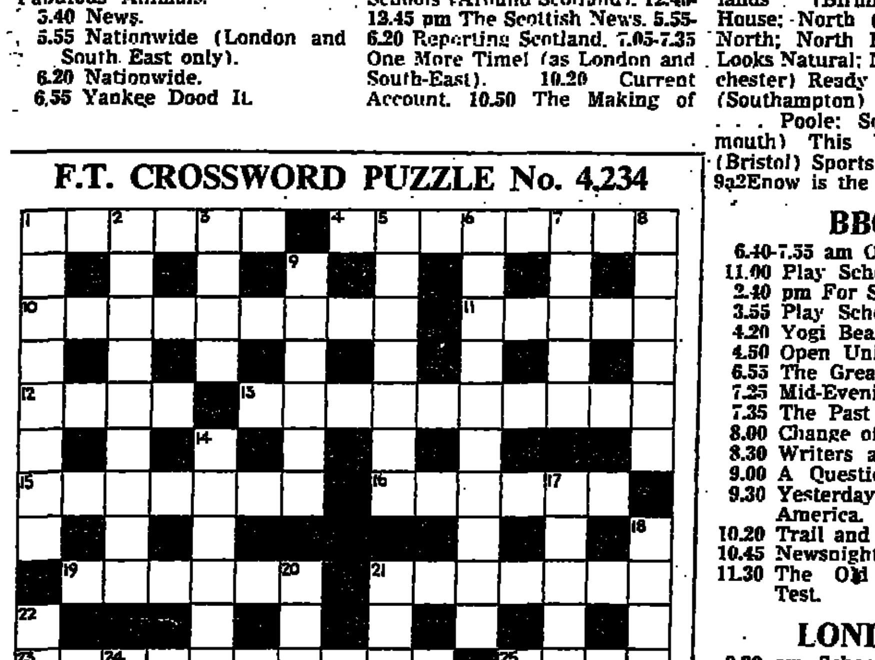
WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. †10.32 Feature Film: "Rattle Of A Simple Man" starring Harry H. Corbett. 12.10 am Faith for Life. 12.15 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Who Pays the Piper? 11.30 Fireside Theatre.

F.T. CROSSWORD PUZZLE No. 4,234



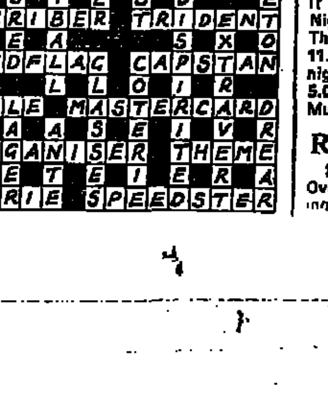
ACROSS

1 Don't bother to take part in winter sport before mine (4, 2)
4 Abandon stroke that could be a winner at Wimbledon (4, 4)
10 Way with first-rate joke (9)
11 A student gets nothing back when exhausted (3, 2)
12 Ought piece to have died? (4)
13 All-rounder, spares dealer? (3, 2, 5)
15 Time to add positive obliteration (7)
16 Hide metallic source of rage (6)
19 Stove consumes hydrogen (6)
21 Thrash counterchange (7)
23 Nails to which earnest dealers descend (5, 5)
25 Be not recorded (4)
27 Cover in cloth for doctor to imitate (5)
28 Clandestine removal of work at two jobs (9)
29 Pottery Heather is putting in jumble (8)
30 One intending to be less generous (6)

DOWN

1 Medical man noticed skeleton (8)
2 It's eating a kind of foment (9)
3 Indian elected accountant (4)
5 Leaves collection of share of profit (4, 3)
6 Tip comes to full-stop in rush hour (4, 6)
7 Loud-speaker sounds in better health (5)
8 Fashionable heavyweight is given head start (6)
9 Valet has time to cope (6)
14 Fair also is for the best (4, 2, 4)
17 Arresting way of driving new car (7, 2)
18 Failing to take gold to renegade (8)
20 Worker for the Council by the way (7)
21 Engage to be offended (4, 2)
22 One offer to first person upset in the same book (6)
24 A chief goes violently (5)
26 Run away from key shelter (4)

Solution to Puzzle No. 4,233



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	200kHz/1500m & 92.95vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1485kHz, 206m & 94.9vhf
Capital Radio: 1458kHz 206m & 94.9vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Hubert Gregg says I Call It Genius: Fats Waller. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 The Frankie Howard Variety Show. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡5.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Saint-Saens (S). 10.00 The Trio-Sonata (S). 10.55 Bassoon and String Quartet (S). 11.30 Rostrum 79: Charles Chaynes' Pour un monde (S). 12.05 pm Parikian, Fleming, Roberts Trio Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Concert, part 2 (S). 2.10 The Consort Lessons of Thomas Morley (S). 2.45 Youth Orchestras of the World Concert, part 1 (S). 3.35 Interval Reading. 3.40 Concert, part 2. 4.25 Jazz Today. 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Martha Argerich Piano recital (S). 7.30 Play Festival: "Mathry Beacon" by Giles Cooper. 9.05 Beethoven: String Quintet in C (S). 9.35 BBC Northern Symphony Orchestra (S). 11.05 Byrd's Gradualia: The Annunciation (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 2.45 The Enthronement of the Archbishop of Canterbury (S). 4.15 Bookshelf. 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Cambridge Footlights Nightcap (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Choirs of Wales (S). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Ideal Home Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Breakfast Show with Mike Smith (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

Florence under the Medici

by WILLIAM PACKER

Every three or four years or so (though the pace of the exercise is about to be stepped up), a member state of the Council of Europe takes its turn to mount a major exhibition, or rather a constellation of related exhibitions, that treats upon an important aspect of European Art or Culture. Here in London in 1972 the subject was Neo-Classicism; in 1977 Berlin gave us The Tendencies of The Twenties—and both were memorable festivals; and now it is Italy's turn, Florence the favoured city. Where else could such an exhibition possibly take place, when the city is not merely the setting, but itself the principal artefact and celebration of the chosen subject? "Florence and Tuscany of the Medici in 16th Century Europe" it is, an historical catch-all quite literally staggering in its scope and academic ambition. For the City and the State sit together foursquare across not just the Renaissance, with all that that implies in the cultural history of the whole of Europe, but also across the diplomacy and statecraft, the commerce and traffic of that extraordinary age.

But it is not Florence of the earlier, golden age, votatile, dangerous, energetic, republican still at heart beneath the first Medicean ascendancy, but the later despotic principality that these 10 shows celebrate, the Magnificent Lorenzo's legacy restored to the family and brought to its greatest apparent influence under Cosimo, the first Grand Duke of Tuscany. And even though the power and glitter might be more apparent than real, the city slipping into its decadence, mannerist in its art, autocratic in its politics, the final drift into institutional decay and actual unimportance merely delayed by a decade or two, it remains nevertheless a city as energetic as ever in mind and spirit, insatiably curious in science and art, the natural home in that time for scholars and practical enquirers of all kinds: philosophers, divines, doctors, chemists, astronomers, astrologers, mathematicians, navigators, engineers, architects, necromancers and magicians.

Such men as these produced the mass of documentary material that is now presented to us; manuscripts, maps, technical drawings, anatomies and botanies, gadgets and instruments, and book upon book—for Florence was one of the greatest early centres of printing and publishing. Thus an image is contrived of Florence under the Medici, not only by the evidence of her relations with Popes and Emperors, but also by that of the intellectual and creative society which she cultivated. Great works of art are there, too, of course, as numerous as they are remarkable, but they appear as evidence, not so much pushed aside as taken a little for granted, as though needing for themselves for the moment no further critical amplification or celebration: the context is all.

The heart of the business lies, as it always did, in the Palazzo Vecchio, that sumptuous and sinister pile the scene of so many improbable and macabre doings. Savanarola burnt beneath its walls. Archbishop Salviati summarily hung from the window by Lorenzo's followers as the Pazzi plot collapsed into bloody fiasco. Today it is furnished once more with the treasures it knew in those times (for Cosimo I moved in in 1540), borrowed back from the world's museums to celebrate "The Medici as Collectors."

One can hardly enjoy Italy, to say nothing of its exhibitions, without learning a certain patience. When I left Florence, three days after the formal inauguration, with the public already streaming through, ten rooms in the Palazzo were still in the course of preparation; and the inauguration itself, two hours of speeches in the magnificent Salone dei Cinquecento before the President of Italy, followed by a football crowd of Florentines jamming the show, provided us poor, spoilt critics with a viewing that was far from ideal. Ours were not the only problems, for the air was heavy with curatorial tantrums and foot-stampings, cases being emptied on the spot for major modification, even rejected out of hand as entirely inadequate. But the show went on, sorting itself out the while, and what we could see was quite remarkable, the waiting and frustration most generously compensated.

Bronzino's portrait of Piero de Medici ("The Gouty")

The obviously great things command our first attention, of course: the Judith and Holofernes of Donatello, flown in by crane from the Piazza; the David-Apollo and the Victory of Michaelangelo; the Cellinis and the Giambolognas; and the marvellous etruscan Chimera, dug up at Arezzo in 1553 and promptly bagged by Cosimo. But before long everything else comes into its own: rooms full of Florentine and Flemish tapestry: exquisitely worked German and Italian armour, guns, cross-bows and other arms; crystal cups and goblets, something over a third of the Medicean blue and white porcelain that survives. These riches are set out in so simple and uncomplicated a fashion, brought away from the walls, for the most part, in sturdy free-standing cases, that our passage through and awareness of the amazing sequence of painted galleries and chambers that holds them is naturally absorbed into our conscious experience of the exhibition: it is all of a piece.

On less lavish a scale, but equally natural and satisfying a unity, is the exhibition in the Chiesa San Stephano al Ponte, "The Christian Community in 16th Century Florence." It is heavily documentary, stuffed with fascinating manuscripts and trophies: such things as ecclesiastical court records, parish records, diocesan business, reports to Cosimo from his observer at the Council of Trent, Santa Maria Maddalena de Pazzi's veil, Santa Caterina de' Ricci's letters, Ippolito Galantini's instrument of beautification, Michaelangelo's sonnets in manuscripts—and almost everything set out in a variety of extremely beautiful, if often illegible, italic hands.

On the walls are hung some worthy examples of mannerist religious painting on a public scale, Ligozzi's martyrdom of St. Dorothea, Allori's Marriage at Cana, and the like, two fine frescos by Andrea del Sarto, and best of all, a luminous Pontormo Visitation, four women in a ring. The greatest treat of all, however, is the Pieta of Michaelangelo, brought from the vastnesses of the Duomo to a more accessible and humane place, a most wonderful and moving image of Mary and her supporters bending over the dead Christ.

The Casa Buonarroti itself has put on a small show, bringing out a number of small sculptures, maquettes and reliefs including a deposition plaque, a Virgin and Child in low relief, and a battle in high. There is also his earliest known major work, come to light only a few years ago, Christ on the Cross, disarmingly simple and direct a statement. The drawings include perhaps too much facsimile material, but also some very fine things, notably a study for another Virgin and Child, the child's arm alone modelled thoroughly amid the bold generalities of the composition, and a number of splendidly free achitectural notes: elevations and quasi-abstract ground plans and diagrams.

Up at the Belvedere, the fort built over the city by Giovanni de Medici and Buontalenti for Grand Duke Ferdinand I, the architectural theme is taken up and expanded in an exhaustive didactic show, all photographs and exposition. "Power and Space" seeks to demonstrate how, for the Renaissance Prince, architecture became an instrument of public policy and government, both effective and impressive.

As with all these exhibitions the point is made as we emerge blinking into the daylight, looking about us for monuments: for the Belvedere occupies a spectacular and significant position, a symbol of the later Medici, looking down upon the old city to the Palazzo Vecchio, dominating at a distance.

Down again to the city, and to Art, and to the most disappointing of the exhibitions. "The Primacy of Design" at the Palazzo Strozzi would seem to be based on a misconception of the kind that only art historians can make, taking drawing as somehow divorced from painting, the idea separable from the execution. There are too many third-rate pictures from reserve collections, and too few related drawings even to make the case (though again the show was incomplete in the opening days). To characterise the Florentine School as being based on the intellectual control of reality through design, the Venetian on colour and thus more experimental, is over-simple.

There are several other exhibitions, all of them essentially documentary, full of important archive and museum material: "Astrology, Magic and Alchemy" at the Science Museum; "Publishing and Society" and "The Court, the Sea, the Merchants" at Orsanmichele; The Theatre of the Prince" at the Palazzo Medici Riccardi; and most fascinating of them all, with its astrolabes and instruments, charts and treatises, Leonardo's map of Tuscany that belongs to the Queen, and Jacopo Ligozzi's botanical and zoological illustrations, "The Renaissance of Science" in the Laurentian Library. We must hope to return to them another time. All the exhibitions continue until June 15.

New York theatre

The Winter's Tale

by B. A. YOUNG

BAM Theatre Company is a new big classical repertory company, resident at the Brooklyn Academy of Music. Its artistic director is David Jones, late of the RSC, and his production of *The Winter's Tale* holds a promise that his experience at Stratford and the Aldwych will be happily grafted on to his new dominion. It would look, and often sound, at home at either of the Stratfords.

David Gropman's set uses a bare plank stage, steeply raked, backed by plain wooden walls that can be hoisted out of sight as required. No scenery, except a flamboyantly coloured cloth for the sheep-shearing feast, lifted forward to provide a cover for the revellers. At other times four plain poles may stand in the stage to mark the area of an inner room. Costumes are of no period, but the men's boots and breeches ensure that no one believes that the play has anything to do with historical Sicily and Bohemia.

Until the enormous bear rises on its hind legs in Act 3 and enfolds Antigonus in an affectionate embrace (so ending an enjoyable performance by John Heffernan), there are specially familiar echoes from both Stratfords, for Hermoine is played by Marti Maraden of the Canadian house and Paulina by Sheila Allen of the Warwickshire one. Miss Maraden, an actress of great beauty, is perhaps too universally charming, though it may be that her very public display of affection for her husband Leontes's friend Polixenes is made so public to persuade an audience mostly ignorant of the story that Leontes has some justification for his jealousy. When Leontes (Brian Murray) pronounces his hideous judgment, his court is clearly embarrassed by the affair. Not so Paulina. "Take her out!" Leontes orders, and Miss Allen promptly sits down on the floor like a lady demonstrator.

Naturally in the circumstances I found the later scenes more interesting, for here you have the younger American players with less Shakespearian experience. Boyd Gaines and Christone Estabrook make a pretty pair as Florizel and Perdita, and if Perdita doesn't bring the full measure of beauty to her lovely springtime speeches, she may console herself that failure to do this need be no more disheartening than failure to run a four-minute mile. There is a fine black Autolycus in Joe Morton, who can sing and dance and wheedle the country girls while picking the pockets of their lovers, a smashing performance.

Mr. Murray as Leontes brings another touch of the Royal Shakespeare, though without lighting any new beacons. Polixenes is played by an

Boyd Gaines and Christine Estabrook as Florizel and Perdita

American actor, thus dividing the score properly; he may be said to be as like Leontes as Leontes says he is in Act 1, but after those fatal 16 years dividing Acts 3 and 4 he grows melancholy while Leontes grows grim.

Dwellers in Manhattan appear to think that Brooklyn is in outer space, even cab-drivers. With local guidance, I found my way from 55th Street to BAM in about 20 minutes. You take the B Train; and if you are nervous about using the subway late at night, you go safely back to Manhattan on the bus that waits outside the theatre and gives free lifts.

Festival Hall

St. Matthew Passion

by RICHARD JOSEPH

The origin of most Baroque music is a reflection of its social function and when that original function becomes obsolete—as in the case of the performance of Bach's Passions as vehicles of organised worship—much of the music's primary intent is obscured. This process operates on a number of levels. It's not just the moral context of the libretto or the communal experience of hearing such a work as part of a congregation that has disappeared; we are equally removed from the musical and mystical significance of much of Bach's symbolism in the use of keys, instrumental figuration and tone painting.

On Sunday morning and afternoon The Bach Choir presented the first of two Easter performances of The St. Matthew Passion to a crowded, if not ideally attentive, Festival Hall. Their annual concerts of this work have become a strong tradition, though it is obviously one which operates within a set of references far removed from the original circumstances. The source of this tradition is the famous concert revival of the work by Mendelssohn in 1829 and the Choir's performances, even in the antiseptic Festival Hall, have long retained an aura of Victorian sentiment.

But this approach is being modified. Sir David Willcocks's tempi have become more propulsive and his general attitude to the work lighter in texture. Indeed, the dancing inflections of the bass line in the opening chorus would have been considered giddy a couple of decades ago. The Choir itself sounds decidedly youthful and clear-toned despite its numbers, and it negotiates the fast tempi well. More attention is being paid to the inflection of Bach's phrases, allowing a greater variety of articulation in each instrumental line; results are still variable, with lapses into an all-purpose, dulling legato occurring periodically.

Of the soloists, mezza soprano Sarah Walker was particularly successful at translating this instrumental variety into vocal terms. Her phrasing also showed a good knowledge of the stresses of the original text as well as its Anglican translation. Soprano Felicity Lott was in vibrant voice, making many beautiful and exciting sounds which bore only a very general relationship to the specific meaning of the text. Richard Jackson took most of the smaller parts in the narration as well as all the bass arias, which meant that some of his singing in the long second half was decidedly underpowered. Although Jackson's voice is flexible and resonant, the low register is not yet fully developed and he resorted to forcing. The solo tenor has the least to do, which meant that Neil Jenkins had little chance of warming up before either of his demandingly high arias. He did them well, but could not avoid flatness at both extremes of his voice.

The first requirement for the part of Christus is a beautiful voice. This Rodney Macann clearly has; his resonant, creamy tone is similar to Hermann Prey's. But of all the soloists he was most prone to exchange passion for sentiment and his lengthier speeches began to sound like Amfortas. Robert Tear's Evangelist is well known. He now has some difficulty moving his heavy tenor around the highest passages, but it remains a well declaimed, broadly effective interpretation. Philip Ledger's harpischord accompaniment was full of thickly voiced, over-registered chords, incessantly arpeggiated. It was a good example of the kind of clattery complacency organ virtuosi usually bring to this subtle instrument.

A more positive sign of future interpretive developments appeared at the close of the work. Adam Skeaping played the viola da gamba obbligato in "Come, healing cross" by memory with a sharply etched tone and a fine, declamatory Baroque intensity that fiercely scraped the barnacles off the performance. An extraordinarily right, unsettling reading, which abruptly orientated the afternoon.

Elizabeth Hall

Agustin Anievas

by DAVID MURRAY

Mr. Anievas began and ended his recital on Sunday afternoon with what sounded like well-polished party pieces, and very good they were. Chopin's B-flat minor Scherzo rang out confidently, with its progress judiciously mapped; a mature sensibility came into play in the middle portions, and both the principal climaxes were admirably built up (if over-pedalled for this hall). Liszt's 12th Hungarian Rhapsody comes more vigorously to life with more playful irony than Anievas brought to it, but there was no lack of thumping brilliance.

Thumping brilliance is not precisely what Chopin's 24 Preludes need most, and indeed too many of those marvellously differentiated miniatures were much of a hefty muchness in Anievas' performance. The preludes in G minor, E-flat minor and D were muddy welters; the incessant A-flat of the "Raindrop" became a Chinese water-torture. On the whole the temperate preludes were happiest; the slowest ones — all taken up-tempo — sounded ruffled and fretful, the F-sharp one bruised further by an obtrusive left hand. The pianist's technique was not proof against some ill-concealed lapses — the driving G-sharp minor induced real anxiety.

With Schumann's *Faschingsschwank aus Wien*, suspicion that cantabile playing is not Anievas' forte became certainty. Not so very much is demanded in this score, but what there is is essential: the Romanze sounded merely frail and tentative, and the ripe Intermezzo was portentously inflated, though earth-bound by a plonking bass. The active movements were better (as long as Anievas remembered to keep his fortes on the right side of hard percussiveness), and would have had a still livelier spring if devices like the rising quaver-bursts in the Allegro had been less swallowed up in pedal. The spirit of the thing was not seriously misread; it may be that unfamiliarity with the hall and with the piano (which developed a buzz on a low C-sharp) accounted for the unenticing sounds that Anievas sometimes found himself making.

All the same, the breadth and range of the *Faschingsschwank* and the Preludes do not seem yet to be comfortably within his grasp.

Book review

Men with poles

by B. A. YOUNG

Performance Art: Volume 1, Memoirs
by Jeff Nuttall. John Calder. £6.95. 189 pages.

Performance Art: Volume 2, Scripts
by Jeff Nuttall. John Calder. £6.95. 205 pages.

You can't say exactly what performance art is, because it isn't exactly anything. A bewildered Arts Council coined the name to justify their subsidy of such business as walking through the country carrying a pole. "A walking man is one thing," says Jeff Nuttall, who has devoted a dozen years to performance art, "three walking men is another thing, but three walking men carrying on their heads a yellow pole is something very different."

He chooses this as an example of man as an *objet trouvé*, the simplest kind of performance art, as practised by Gilbert and George (whom he never mentions). Mr. Nuttall's own contributions have been more complex, with elaborate scripts, mostly in verse, relying much on carefully organised juxtapositions of contrasting events and the use of "violently intensified effect" — hence the frequent use of savagery, indecency, and other socially unacceptable factors.

The rules of performance art being so undefined, Mr. Nuttall's scripts, which he expected to be performed as he directed (though never theatrically), were treated with less respect than he demanded. He moved from one group to another, and in his most recent stage gave elaborate mock lectures on subjects like *Telepathy and the Dance*, and "telephone novels" in which unsuspecting citizens were involved in extraordinary plots. Smaller-scale escapades included the distribution of hundreds of winged fried eggs.

Once the taut scripts are dispensed with, there's not much to distinguish these conceits from Lautréamont's basic "chance encounter of an umbrella and a sewing-machine on a dissecting-table," apart from the fact that they move. But they never are "chance encounters." A happening that needs the learning of difficult scripts, the preparation of tapes and props and elaborate lighting and music is no less theatrical than a performance of *King Lear*.

At least Mr. Nuttall makes it all sound immense fun, even though he writes like a diarist replete with the draught ale to which he refers so often. He is a man of wide culture, a sculptor (of a kind) and art teacher, but his book is too unobjective, referring constantly, usually by nicknames, to people and things we should apparently know about, congratulating himself on the stir he made in provincial venues. "They're still talking about it in the White Lion at Heptonstall," he assures us, though as the book was written in 1976 he may be mistaken there. Even reference to the scripts gives me no clear idea of how these things looked.

And there's the trouble. As in all "modern" art—music, painting, poetry — the artefacts exist for the benefit of the creators, not the consumers. Mr. Nuttall's wish to "weave fiction and absurdity into the patterns of the lives of unsuspecting citizens" is pure self-indulgence.

Gulf to give SNO £250,000

The Scottish National Orchestra is to receive the largest ever guaranteed sponsorship from a commercial concern for a British orchestra. Gulf Oil is committing £250,000, spread in the form of a deed of covenant over seven years, to the SNO.

Gulf Oil has been helping the SNO for four years, to the tune of £80,000 plus in total. One immediate change in the schedule is an extra concert at Aberdeen, the base for Gulf Oil's extensive North Sea activities. The Minister for the Arts, Mr. Norman St. John Stevas, in welcoming this important new commitment yesterday, disclosed that he was conducting a major campaign in the next few weeks among the banks and oil companies in an effort to persuade them that some of their recent high profits could be usefully invested in the arts.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Tuesday March 25 1980

Looking past the crisis

THE FIGURES for national income and expenditure published yesterday, on the eve of the Budget, give a telling picture of a sick economy. Despite stagnant output, consumers' real incomes rose six per cent and their expenditure by four per cent. This was made possible by a violent compression of real profit margin—even in money terms, industrial profits net of North Sea earnings and stock appreciation fell by seven per cent. The balance was supplied by borrowing from abroad through the current account.

This is a portrait of an economy in decline, borrowing to finance unrealistic levels of consumption, and if the Chancellor had to try to restore the whole balance tomorrow, he might well despair at the task facing him. Fortunately, however, time is working for him. The likely growth of North Sea revenues over the next three years largely represents an addition to the national income, and by deploying this wisely, he can hope to progress by stages through convalescence to health. He can properly be judged, then, by how far he puts his measures tomorrow into the context of a medium-term plan.

Pay increases

There is no mystery about what has gone wrong. Grossly excessive wage increases, against the value of money implied by relatively strict monetary targets, have compressed margins in productive industry. Employers have therefore been driven to borrow heavily; and since the Chancellor made inadequate allowance for this in setting his own financing needs last year, we have been compelled to borrow from abroad, and to pay interest rates which have taken a further £2bn out of industry's margins.

While it is to be hoped that the heavy deficit of companies, and the resultant risk to employment, will lead to more realistic bargaining in the year to come, it is clear that Sir Geoffrey must leave room on this occasion for enhanced corporate borrowing without undue strain. As employers' organisations have said, an easing of interest rates would be the most welcome of all reliefs.

Short-term rates can hardly be expected to fall far as long as so much inflationary pressure remains in the system, and while rates overseas are still rising; but in the longer term market, much more might be achieved by a convincing medium-term plan to reduce inflation and reduce or even eliminate public borrowing—for with an accession of £10bn of revenue, a balanced budget by, say, 1984, is hardly a visionary project. Since debt service is the largest and fastest-growing heading in public expenditure, virtue here is self-rewarding. This is not just a matter of the PSBR. The sale of assets rather than of debt reduces the PSBR in accounting terms, but does not reduce the amount of finance taken by the public sector; it helps only the portfolio balance and the future debt service burden. It is the total public sector need for finance out of savings which is the key figure.

It is no doubt for this reason that the Cabinet has evidently been steeling itself to take some harsh decisions; and austerity is certainly the immediate need. However, some measures are less unpleasant than others. Steps, for example, to bring forward some of the oil revenue into earlier years are a legitimate way of smoothing our progress, though the practical scale is far from covering the total need. The clearer the commitment to austere management of the Government accounts in the medium term, however, the less the need for immediate melodrama.

Persuasive

But our present condition arises partly from lack of understanding, and the Chancellor must seek to be persuasive as well as austere. This implies that the Government should not sacrifice its central objectives—we have already argued that child benefits, for example, should be protected in real terms. It implies, too, that the Budget must be seen as fair, and especially to those least able to protect themselves. Thus if real social benefits have grown too far under existing formulae, the disabled might merit special treatment; if unemployment benefit is under review, special help for the regions of high and persistent unemployment would still be in order. The Chancellor cannot hope to be popular tomorrow evening; but if he is seen as purposeful and humane, he can survive that.

Slow climb to the summit

THE EXACT sequence of events surrounding Italy's call for the postponement of next week's Brussels European summit may not be known for some time, if ever. But it is clear that there were two decisive factors behind thinking in Rome — Italy's own political difficulties and the intractability of the major agenda issue, Britain's demand for a sweeping reduction in the budgetary cost of its EEC membership. The two fed on each other. The Italian crisis has prevented Signor Francesco Cossiga, who was to chair the summit, from preparing for his difficult task in Brussels. After resigning as Prime Minister last week, he has now been asked to try to form a new Government and is being pressed to do so with all speed by President Pertini. There must have seemed little point to him to take time off for a Brussels summit that has, in any case, looked doomed to failure over the past few days.

Protestations

British protestations that the Italian move came as a complete surprise in London at first sight look unconvincing. Whatever the procedural niceties, it seems hardly conceivable that the Italians could have allowed such an important development to become public without first consulting, or at least notifying, other Governments, particularly the one most seriously involved. It seems just possible, however, that there may in fact have been a major breakdown in communications between Rome and London. France and Germany appear to have been aware of what was in the wind some time before Britain.

A decision to postpone the summit, however, is far more important politically for Mrs. Thatcher than her EEC colleagues. Having first insisted on a final solution in Dublin last November, she had to settle for a suggestion that the Brussels summit might be advanced, possibly to February, to focus specifically on the UK's problems. Far from being advanced, it is now being further postponed—even though Mrs. Thatcher and her team have made it clear they all geared up for a fresh crack at the problem. It is understandable that the UK should insist as firmly as possible on the fixing of a new date for the meeting before formally agreeing to its postponement.

Germany has said it does not mind too much that the talks are to be postponed—indeed, over the past two weeks a number of influential officials in Bonn have been advocating just such a course of action. But Bonn, which is keen to see an end to the squabbling over Britain's demands, has insisted that the delay should not be too long. France, for its part, last week agreed to tackle the British problem at the Brussels summit, lifting an earlier threat that it might refuse to negotiate. This was widely seen as conciliatory.

Signor Cossiga's difficulties are widely appreciated by the other Governments — including the British. It is clear, however, that the resolution of major Community problems cannot always await the end of the latest Italian political crisis. This time, fortunately, everyone in Rome is predicting a fairly speedy end to the crisis and the formation of a new Government under Signor Cossiga, perhaps by Easter. If that happens, the Italian crisis, and the summit's postponement, could just conceivably have done the Community a good turn, however annoying it may be for Mrs. Thatcher.

Dangerous

If next week's summit had gone ahead it would almost inevitably have ended in failure and recrimination, opening an extremely dangerous period for the Community and Britain's relations with it. There is now at least the chance, if only that, that a further period of quiet, unhysterical diplomacy can ensure that such an outcome can be avoided. Signor Cossiga wants to play a central mediating role once his domestic problems are settled. He should be given the time and the encouragement to do so. Insofar as the summit's postponement involves recognition that it would have failed, it should convince all Nine Governments of the need to think again. If that in turn increases the chances of success next time by only the smallest of margins, it is to be welcomed.

The fears of American big business

BY IAN HARGREAVES AND STEWART FLEMING IN NEW YORK

"FAR from adequate." That, in short, is the assessment made of President Carter's latest anti-inflation package by Mr. Reginald Jones, chairman of General Electric.

Mr. Jones' view matters, not just because he is head of one of America's largest companies, but because, as chairman of the U.S. Business Council and co-chairman of the Business Roundtable—an organisation of top executives which he himself helped to form in 1972—his voice has become perhaps the best known and most influential in the country's business politics.

Today, Mr. Jones has a lot to be worried about. There is growing evidence that the U.S. financial system, under sustained inflationary pressure, is at a watershed. The implications for the industrial economy, weakened in the last decade by relatively poor productivity growth, inadequate capital spending and innovation, are only just starting to emerge.

The Carter Administration's belated assault on the inflation problem announced ten days ago is, in the words of Mr. Charles Schultze, the Chairman of the President's council of economic advisors, an attempt to nip the inflation problem in the bud before it develops to a point where the next cyclical downturn becomes a crash which will hurt even the strongest U.S. companies.

If it is not nipped—and Mr. Jones is one of those who fear Mr. Carter is proposing much too little too late—the result could be fatal for some weaker companies and intensify the underlying difficulties faced by key industries such as steel, motors, rubber and parts of the consumer electronics industry.

In spite of justified confidence about the strength of large sections of American industry, such as aerospace and computers, there is growing political concern about the country's declining industrial performance and a gathering interest in such details as relative labour costs in the motor industry and the proportion of American steel produced by modern continuous casting methods. A typical illustration of these concerns was a report to Congress at the end of last year on U.S.-Japanese trade. In it, the office of the Comptroller General pointed out that "since 1972 the U.S. has had the lowest rate of personal savings of any industrial economy . . . Savings in the American economy are proportionately only one third of the level of savings in the Japanese."

In the last year, the rate of savings has declined to historic lows, raising the question: where will the country's future resources for capital investment come from?

On capital formation too, the report draws an identical conclusion. The U.S. again comes out worst with a ratio of around 13 for gross fixed capital formation (excluding home building) to gross domestic product for the last decade, compared with ratios of over 20 for Japan, 16 for France and around 15 for the UK.

REGINALD JONES: Down-to-earth style

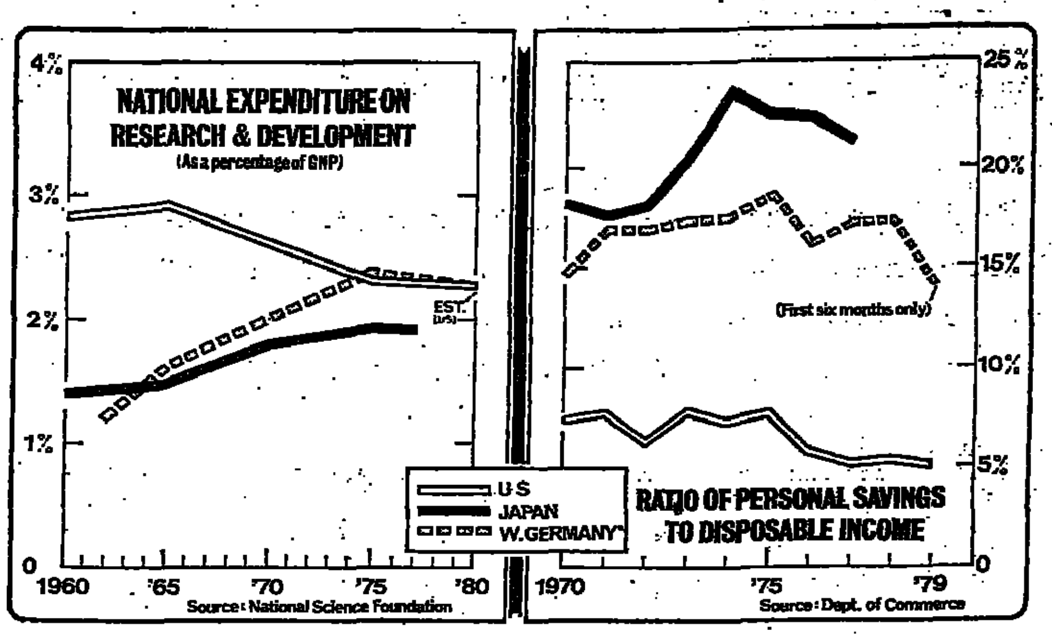
There is equally grim reading on productivity. Average manufacturing output per hour grew between 1977 and 1978 by only 0.6 per cent, worse even than the UK's 1.8 per cent and one sixth the rate of West Germany's. Even America's vaunted leadership in innovation appears to be under threat to judge from the report's figures on research and development as a proportion of GNP. These show the U.S. on a declining trend since 1963.

It can be argued that some of these statistics are overstated. The productivity figures, for example, have been heavily influenced by dramatic falls in mining and construction.

But whatever the deficiencies of the figures, American businessmen and influential sections of Congress take them with the utmost seriousness. Even businessmen whose own companies are doing well and confidently forecast to go on doing so, don an anxious expression when they discuss the decline of the innovatory spirit, the weakness of the education system or—the subject of ubiquitous worry—tumbling productivity growth. One result of this concern has been the growing attention given to proponents of "supply side economics" and their assertion that incentives to capital formation and higher productivity can make a major contribution both to growth and the fight against inflation.

Confidence and clarity

This is where Mr Jones and his colleagues come in with their programme for channelling this political will and the rather stickier task of challenging the politicians to roll back the canopy of regulation on everything from pollution laws to the activities of the Federal Trade Commission. It is thanks largely to Mr Jones and the organisations he heads that big business has been able to produce its political platform in the last eight years with confidence and clarity.



The prescription of supply side economics is familiar enough in Mrs. Thatcher's Britain. Indeed, the comparisons between the decline of the British and the U.S. economies have become a standard topic of dinner conversation in American business circles.

Mr. Jones believes the parallel is accurate in at least one regard. The U.S. has, he says, "all the same problems of motivating the national will" as Britain has. But unlike many American businesmen, Mr. Jones' understanding of the British situation has been formed at first hand.

Son of a steelworker, he was born in Stoke on Trent in 1917 and still returns twice a year to visit members of his family in the city he left at the age of eight.

In conversation, Mr. Jones retains a down-to-earth and factual style. It is no accident that this same style has characterised the efforts of business to educate Washington opinion in the past eight years. The avoidance of slick gimmickry, the quality of research in the documentation and the silence on issues where big business does not have a united front have given Mr. Jones and his colleagues a credibility on Capitol Hill which is remarkable given the scandals over international bribery and the illegal "election expenses funding" activities by companies of the late 1960s and early 1970s.

Assisted by growing political conservatism, the Business Roundtable has had some notable successes. In 1978, for example, something of an *annus mirabilis* for business politics, Congress voted through a strongly pro-business tax package, turned back measures which would have increased labour picketing rights and quashed a plan to establish a consumer protection agency.

Even more important, the level of credibility enabled the business lobby to pass into common currency the debatable notion that excessive government spending is the root cause of inflation. This argument is now so solidly established as the country's conventional economic wisdom that anyone, seeking to challenge it—Senator Kennedy, for example—has an uphill task.

But the Roundtable's success in getting this view of the inflation problem accepted was not matched by any awareness of the speed with which inflationary psychology would grip the American people and their financial institutions. Like most Americans, businessmen did not at heart believe that it could happen here.

Mr. Jones was among them. "I am not sure that any one forsaw the rapidity with which the rate of inflation has moved up in the last several months. We would be hard-pressed to find any economist who would have predicted a year ago the current rate of growth in the Consumer Price Index."

He is convinced that the Carter prescription is too low a dosage to cure an 18 per cent inflation rate but he does believe that the White House at least understood the problem and recognised philsophically the need to cut back the public sector. "The message has got through, but it has been weighed against the political problems of the Administration and members of Congress in an election year."

But if the approach to the problem were merely a function of election year psychology, Mr. Jones would be more relaxed than he is. This underlying anxiety reflects his fear that structural shortcomings in Washington are working against the country's ability to win its battle against inflation as well as leaving a number of other problems unsolved.

"We have today, as a reaction to the so-called imperial presidency, a weaker presidency than we have had for many years." He is not, he immediately adds, talking about Mr. Carter, but pointing to the growth in Congressional oversight of the executive since Watergate. "It would be difficult for any incumbent of that office to achieve many of his objectives because the office has been so weakened," he says.

Moreover, he feels that Congress itself has been severely weakened by what he calls "the growth of special interest politics in the U.S." This had led to an endless stream of "log rolling," whereby Congressmen support each other's special interest platforms in destructive bouts of back-scratching. He blames the absence of debate about the specifics of the economy in the current election campaign on the same factors, which exert on candidates insuperable pressures to avoid offending individual blocks of voters. "Whenever a candidate tries to get specific, he gets nailed, so they back off," he says.

Mr. Jones himself sees the irony of a spokesman for a special interest group attacking special pleaders. His reply is that the Business Roundtable avoids pressing a position on subjects such as increased defence spending, which is self-evidently of financial benefit to many industrial companies.

The Roundtable's campaign, he adds, has been concerned with primary economy issues in which business possesses expertise. This is why the Roundtable does not take public views on foreign policy, except in the field of international trade.

This has been an area of acute concern this year as recessionary and other pressures in the steel and motor industries which are under siege from lower priced imports and inclined to respond with actions to boost protectionism. These pressures, and the decline of the U.S. share of world trade from 20 to around 12 per cent in the past 20 years have, he admits, started to produce some significant cracks in the business lobby's traditional advocacy of "free and fair trade." Not least, he says, because the U.S. "has been more fair than other nations."

U.S. trade unions, such as the United Autoworkers Union, have backed away from free trading principles under these conditions and Mr. Jones sadly forecasts that although free trading will remain his own and he believes U.S. business's general thesis "there will be a growing number of defections from that position."

The other side of the coin has been a marked lack of export awareness in many American companies until the weak dollar started giving assistance 18 months ago. Mr. Jones is also strongly critical of what he terms the disincentives to exporters applied by the U.S. Government. Top of his list for review are the tax treatment of Americans abroad, anti-trust laws which inhibit co-operative operations, an over-zealous Foreign Corrupt Practices Act which American businessmen believe gives their foreign competitors an advantage and boycott legislation of the kind which has made trading with the Arab countries more difficult for American companies.

On a more current problem, Mr. Jones dismisses the idea that trade boycotts against the Soviet Union or Iran are effective weapons in disrupting a foreign economy. "The U.S. does not have monopolies on products and technology and we have not been successful in persuading other nations to join us."

His hackles rise, however, when it is suggested that the consequence of the trenchant government expenditure reductions he and his colleagues propose will be to impose those very sacrifices on the poorest section of the population, for which the U.S. system provides only limited protection. Indeed, one measure Mr. Jones personally supports would be to alter the price index base on which social security payments are made to reflect more accurately in his view the lower actual inflation suffered by the aged and the poor, rather than high interest and mortgage rates, which have been a major element in the rise of the Consumer Price Index.

Social and moral consequences

But when he speaks of the inner city ghettoes and minority youth unemployment ("time bombs just ticking away") there is a real sense of personal anxiety. He is an active congregationalist and the father of a congregational minister. He is aware of the need for business to think through the social and moral consequences of its policies. Poverty troubles him, but he believes it is inevitable, statistically overstated in the U.S. and no more prevalent in the U.S. than in socialist or social democratic countries.

The problem of socialism, he rasps, is that it is too concerned with the process of wealth distribution, rather than wealth creation; the problem of capitalism, that it has no theology, an interesting choice of word for a man who clearly feels the lack.

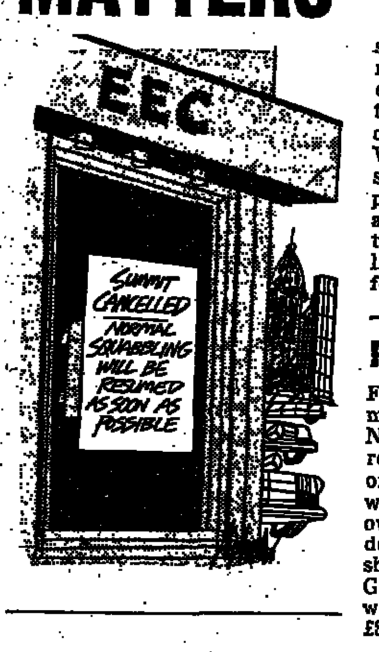
The events of the past six months may have shaken his faith in the ability of the political structure, as currently constituted, to find a path through the economic and social problems of the country. But even on this theme, Mr. Jones consoles himself with the analysis that the waxing and waning of White House authority in its eternal struggle with Congress is, like the market economy itself, a cyclical affair.

MEN AND MATTERS

Wanderings of the unloved 17

Evicted from their home in St. Stephen's House, opposite the House, to make space for the ever-multiplying Commons committees, Britain's Euro-MPs are feeling more than usually hard done by. The 61 Tories have been taken in by Central Office, where garret was hastily carpeted for them. The 17-strong Labour group is homeless.

"Moving into the Labour Party's new HQ in Walworth Road was talked about," says Janet Royall, the Labour Euro-MPs' administrative secretary. "But we didn't want to push it. It's bound to cause even more bad feeling, and things are getting a little better all the time—as long as we don't push it."



The best hope of the homeless 17 is that the European Parliament adiministrators get a move on with tying up negotiations—in hand for months—for a £150,000-a-year building in Queen Anne's Gate. This, it is proposed, will house the nine or ten European Parliament information staff. The Euro-MPs of both colours fervently hope there will be room for them too. However, with negotiations for the premises being conducted from Luxembourg, the installation either of officials or MPs seems a distant prospect. A Euro-spokesman tells me there will not, in any event, be room for individual MPs to have desks, and no decision has yet been taken about giving them house room at all.

"If we're unable to move till July or August we'll try to get into Walworth Road," says the long-suffering Janet Royall from her flat, which for the time being is the headquarters of Labour in Europe. Her band is reduced to meeting in clubs and restaurants.

Tory-inspired rumours that the Labour EuroMPs were furtively negotiating for space in the Palace of Westminster itself were greeted with derision by Brian Davies, secretary to the Parliamentary Labour Party. "There's no question of accommodation round here," he tells me. "We're fighting for every flaming inch. There are 15 MPs sharing one room—any suggestion that the Euro-MPs should get accommodaation would produce a horse laugh."

Pain suspended

Yesterday's announcement that Lord Lane is to be the next Lord Chief Justice of England was generally regarded as A Good Thing. A man of pleasing informality, he delighted a dinner audience a few years ago with intimate revelations about the problems posed by a judge's ceremonial dress, which includes buckled shoes and black stockings.

The stockings, Lord Lane explained, meant you had to wear a suspender belt. The fallibility of these appliances at times demanded improvisation in the form of an old-fashioned threepenny piece to replace the cloth-covered button that helped to attach the top of the stocking to the suspender. He recalled with feeling the excruciating sensation of the threepenny piece slipping, during a procession through Westminster Abbey, inside the stocking into the shoe. Such problems for our judiciary now are confined to the odd looks they get when going into lingerie departments and asking for a large pair of black tights.

Playing patron

Faces glowing with delight, the management of the Scottish National Orchestra yesterday received from sponsors Gulf Oil of a deed of covenant which will yield £250,000 in backing over the next seven years. The deed sets the seal on a relationship started in 1976, since when Gulf has sponsored the SNO with donations worth more than £80,000.

It could also mark the start of an outbreak of the "me-too" syndrome among other would-be sponsors of the arts in the private sector. That at least is the view and fervent hope of Bill Kallaway, the entrepreneur mainly responsible for bringing the company and orchestra together into this most fruitful alliance.

In the same way as sports sponsorship has become an established element in the publicity budgets of many major industrial concerns, Kallaway now looks forward to the time when the arts will become more widely used as a vehicle for transporting corporate messages to the public.

For this to happen, however, he says that decisions on spending should be taken out of the hands of top board members like music-loving chairmen, and passed down to the hard-headed middle-management men who realise that arts sponsorship should be viewed, as Kallaway puts it, "as a real business expense with real business advantages."

Real businessman that he is, of course, the former special events organiser for W.D. and H.O. Wills fully realises that the old-fashioned patronage system needed no middle-men. There is no room and no margin for the go-getting outsider between, say, a company chairman and the management of his personal pet orchestra or theatre group.

Fowl taxation

"We," says auctioneer John Thornborrow, "got in first — before the Archbishop, and before the Chancellor." Thornborrow insists it is pure coincidence that his first-ever auction of exotic mammals and birds tomorrow should coincide with the Budget. Unworried by the prospect of any new punishing tax on penguins or bison, he is, as it happens, much concerned with tax questions just now.

More used to selling conventional pedigree livestock, he has been appalled to discover that penguins, eagles, swans, flamingoes and even fancy-looking water-fowl, all attract VAT. "We are in touch with the Customs and Excise," he tells me from his office in Leamington Spa. "At the moment they're saying everything's Vattable. I can see that flamingoes are ornamental, and similarly perhaps the bison, but some of the others will be, er, food . . . eventually."

The unfortunately Vattable varieties — and surely bison would go down well? — are breeding stock being sold by Christopher Marler, owner of a flamingo garden and zoological park in Buckinghamshire. He is, I am told, the man who has provided the champion bird in the waterfowl section of the National Poultry Show for the last three years.

High thoughts

Europe's tallest office block, the National Westminster tower in the City, has been decorated with a graffito reading: "People who live in glass houses should not get stoned."

Observer

FINANCIAL TIMES SURVEY

Tuesday March 25 1980

PORTUGAL

As the 1974 Revolution fades into history Portugal is steering towards stable democracy and EEC membership. The Centre Right coalition, which triumphed last December, is moving fast to carry out agrarian, banking and other reforms. Among the issues now are the future role of the military and the limits of presidential power.

Portugal's democratic progress since the Salazar regime was ousted has brought the country into closer contact with the rest of Europe. President Eanes with Mrs. Thatcher, then Opposition leader, during his State visit to Britain in 1978

Need for stability replaces Marxism

By Robert Graham

WITH THE Portuguese Revolution now relegated to another decade, it is increasingly viewed with that mixture of incredulity and nostalgia reserved for adolescence. It was a necessary experience to break free from the frustrations and repression of the Salazar era. Yet in less than six years the Marxist-inspired reforms, ushered in by the armed forces and the hallmark of the revolution, have become as outmoded as they proved inpractical. Instead, a new consensus has emerged in favour of a stable democracy that points Portugal towards joining the mainstream of European political and economic life.

Nothing demonstrates this change of direction more clearly than the results of the election last December. The Centre-Right coalition, Alianca Democratica, triumphed on an electoral platform that was in its most important respects contrary to the principles of the 1974 revolution. The coalition, headed by Sr. Francisco Sa Carneiro, campaigned for a clear-cut vote that rejected the Left as an alternative to power. The electorate was given pledges of liberalisation of the economy, a curb on State intervention, encouragement of private enterprise, an end to military involvement in government and reform of protective labour laws.

Side-by-side with this was a cleverly pitched appeal to a deeply felt need for stable government through new and unequivocal leadership offered by Sr. sa Carneiro. The latter rightly judged that when the last elections were held in 1976 the political situation was too fluid for a real clarification of where voters' allegiance lay. But he calculated that since then there had been a shift towards the Centre, symptomatic of a disenchantment with the Left and the extreme elements of the revolution. He was in fact banking on the innate conservatism of the Portuguese, and his judgment proved correct.

It is this proven sense of judgment that gives Sr. Sa Carneiro and the Alianca coalition their strength, because despite possessing a six-seat majority in Parliament, this Government is inherently weak. At present it can only be considered an interim government since, come October, there will be another round of general elections dictated by the provisions of Portugal's constitution — one of which requires elections to be held every four years. Thus when President Eanes decided last year to call early elections to resolve the impasse of chronic government crisis, it was known that there was no way of avoiding fresh elections in 10 months' time.

In his very short time in office Sr. Sa Carneiro has shown that he intends to be no caretaker. Indeed, all his actions suggest that he has a strategy based on the belief that he can win the forthcoming elections in October and will be around until 1984. This has generated an infectious confidence throughout the coalition which in turn has considerably helped to bring this fissiparous grouping closer together. The Alianca consists of Sr. Sa Marceird's own Social Democrat Party and two Right-wing parties, the conservative Christian Democrats and the Monarchists.

Isolated

The electoral success of the coalition was largely at the expense of the Socialist Party, which is now demoralised and split. The Communist Party, though increasing its share of the poll to 19 per cent, remains isolated by its own unregenerate Stalinism and its dogged defence of the revolution.

It will therefore take a considerable alienation of the electorate by the Government if there is to be a significant change in voting patterns at the next elections. For its part, the Government is making sure that it will have something to crow about on the hustings.

The Government's approach has been to introduce some electoral sweeteners and hold good on the early introduction of certain pledges made in the December campaign. Among the sweeteners tax cuts are being introduced, raising the threshold at which differing levels of taxation operate. The Government is also judiciously using its control over subsidies and adjusting the escudo to ensure that inflation comes below 20 per cent for the first time since the revolution.

On the pledge side the Government has acted with a speed wholly uncharacteristic of the languid pace of Portuguese politics. In the Alentejo the Government has applied agrarian reform law with a greater determination than any of its predecessor. A decree has been issued approving the principle of admitting private banks and insurance companies alongside those nationalised in 1974.

The Government will shortly announce details of bonds offered in compensation for property and businesses nationalised during the revolution. Though the law on this was approved three years ago, this is the first sign of concrete movement. First interest paid to foreigners is due before the elections in October.

But while the Government has one eye on the elections just as much attention — if not more — is being devoted to the thorny issue of presidential elections. The outcome of the presidential elections due by the end of this year is arguably more important than the general elections. This is due to the role that President Eanes has carved out for himself since 1976 and the inherent conflict in the constitution betwen the powers of the Prime Minister, who heads the executive, and the President, who acts as Head of State.

There is also a further constitutional complication in that the President presides over the Council of the Revolution, the military watchdog body that in theory is the guardian of the revolution and the principles it stood for. In the wake of the 1976 parliamentary elections, when no party obtained a clear majority, President Eanes played a vital role in guiding the affairs of the nation.

He was instrumental in appointing the three non-party Prime Ministers — Sr. Nobre da Costa, Sr. Mota Pinto and Sr. Pintassilgo. These were people chosen partly for their ability but also because their ideas coincided with his. In this way he inevitably has developed an ample presidential role, which is identified as such by the nation and has been enhanced by his penchant for foreign affairs.

So long as there is a weak Government the constitutional conflict is less likely to arise. Indeed the wide presidential powers of dismissal of Governments and refusal to sign decrees have been a stablising element in the past.

But where a Government has a popular majority the situation is reversed. Thus the problem poses itself even more acutely if the Alianca coalition wins the October elections and President Eanes decides to stand for re-election and is re-elected. Since the President enjoys widespread popularity it is likely that he will be re-elected. It is against this background of inherent constitutional conflict that a complex series of political manoeuvres have been taking place in recent weeks. Sr. Sa Carneira has been seeking to define the powers of the executive and as a result there has been considerable tension between the Prime Minister's Office and the Presidency.

Relations between Sr. sa Carneira and President Eanes have been soured from the start by the latter's stance during the election campaign last December.

CONTENTS

Tactless

President Eanes rather tactlessly let it be known that he supported the Socialist Party by dining with its leader, Dr. Mario Soares, just before the elections. In an eve-of-poll speech to the nation President Eanes went further and made a thinly-veiled attack on the Alianca coalition, suggesting that if the coalition came to power it would destabilise Portugal.

Since then friction has increased both over the limits of presidential power and over the role of the Council of the Revolution. Sr. Sa Carneira has challenged the President on the conduct of foreign affairs and took particular exception to the latter's own recent initiaive in dealing wih Mozambique. More important, the Prime Minister has been incensed by the President's failure to curb some hot-headed talk among the Left-wing members of the Council of the Revolution. This talk included the removal of the Government, according to Sr. sa Carneiro's close aide.

Although the Government is now seeking to play down these disagreements, the situation is a delicate one, which if not treated carefully could degenerate. In challenging the President and the Council of the Revolution, the Government is taking on the military.

The Council of the Revolution is evenly split between Left and Right-wing members. The armed forces as a whole are now commanded by conservative men, even if junior officers may still be more radical. Thus there is a balance within the military and no real danger of adventurism. Nevertheless, the confrontation with the President, who after all is a military man and is supreme commander of the armed forces, threatens to rake up the debate over the role of the military.

Sr. Sa Carneiro, in his electoral programme and in private, has made no secret of his desire to see the military completely removed from politics, including the disbandment of the Council of the Revolution. The public as a whole, one suspects, supports this. But it is questionable whether this is the right time to confront the issue. Unfortunately the presidential elections make this almost inevitable.

Sr. Sa Carneiro has to decide whom his coalition will support for the presidency. To support President Eanes would involve a good deal of fence-mending and an understanding on the constitutional role of the two authorities.

On present form relations between the two men make it unlikely that either Sr. Sa Carneiro's own Social Democrat Party or the Alianca coalition as a whole will support President Eanes. But if this is the case there is a dearth of suitable rival candidates to support among the military. The basic problem is that Sr. Sa Carneiro, if he wants to reinforce his authority, cannot afford to back a losing candidate. Moreover, he has to make up his mind before the elections.

Fine judgment

So far in his career Sr. Sa Carneiro has shown a fine sense of political judgment, and on major issues has played his cards faultlessly. President Eanes on the other hand is not such a shrewd operator. Both parties blame each other for provoking the confrontation, but in reacting as strongly as he has Sr. Sa Carneiro is taking a gamble in this electoral year.

Until the presidential issue is clarified the long-suffering Portuguese electorate will have to put up with a good deal more politicking. One only hopes that this does not become so debilitating as in the past. For if it does, Portugal will lag further behind Europe in economic and social development.

Melodramatic speed in foreign policy

"HOLLAND MAKES cheese, Switzerland condensed milk, while Portugal goes on standing on tiptoe trying to make itself seen in the gathering of great powers."

This statement used years ago by Gilberto Freyre to describe the pretensions of the then empire have assumed a fresh relevance ever since Portugal's Centre-Right Government took office in January.

Foreign policy is one of the "priority" areas where action has been taken with speed and with almost melodramatic determination. Portugal was the second country in the world, after the U.S., to withdraw its ambassador from Moscow for consultation following the Afghanistan crisis.

Sr. Diogo Freitas do Amaral, the Foreign Minister and Deputy Prime Minister, then opened a major Parliamentary debate on the Government's programme with a virulent attack on "Soviet expansionism" and the announcement that Portugal would revise all diplomatic, trade, and cultural links with the Soviet bloc.

Undoubtedly, the Soviet invasion of Afghanistan, occurring as it did only a few days after the Democratic Alliance's election victory, presented the Portuguese Government with a unique political opportunity.

Ties of friendship

Domestically, it has allowed the Foreign Ministry rather than the President to take the initiative in foreign policy, as had been promised in the election campaign.

Internationally, it has allowed the Government to stress its unswerving commitment to NATO and its strong ties of friendship with the U.S. In striking contrast to the attitude of previous Portuguese administrations. Ever since the 1974 revolution successive Portuguese governments, while theoretically linked by membership to NATO, have tended towards a de facto non-alignment.

In 1975, when the Communists came to power in Portugal, the balance tipped in the opposite sense and for a brief period Moscow rather than any Western country including the U.S., appeared to have the greatest influence in Lisbon. This led to Portugal's exclusion from key decision areas within NATO.

Portugal's standing as a NATO member has gradually been re-established since the Communists were purged from government and the country's first free parliamentary elections in 1976 brought the Portuguese firmly back into the Western sphere of influence.

But generally, given the shifts and changes of government, Portugal's foreign policy has lacked real consistency until very recently. Thus last December the then caretaker Prime Minister Maria de Lourdes Pintasilgo appeared to be opting again for a kind of Third World type non-alignment, refusing, like Mrs. Gandhi of India to condemn outright the Soviet invasion.

In one of her last appearances on TV before handing over to the Democratic Alliance Ms. Pintasilgo declared that she had been assured by the Soviet Ambassador to Lisbon that his country's troops would soon withdraw from Afghanistan. As a result she chose not to take a definitive stand on the issue.

The Government's renewed commitment to the Western alliance is expected to be particularly welcomed by Portugal's military establishment which, ever since decolonisation, has been looking desperately for a role.

In an important article recently published in Portugal's leading military journal, Lieut-Col. Firmino Miguel, a former Defence Minister, appears to echo the thoughts of many of his fellow officers. He argued that there was an urgent need for Portugal to convince its allies that it was capable of making a positive and significant contribution to the defence of the West.

Unless this was made clear there was a danger that Portugal might eventually be dismissed as an irrelevance once neighbouring Spain joined NATO. The Spanish armed forces, he warned, had already reached a much greater degree of modernisation than their Portuguese counterparts and could well be put in overall command of Iberia's defence.

The Centre Right government's determination on the question of NATO has been matched by a fresh impetus in an area which Sr. Amaral likes to call his "priority of priorities:" Portugal's negotiations with the EEC.

It is important to note here that the Government's tough anti-communism has in recent months threatened to upset Portugal's potentially important role as intermediary between Europe and some African countries, particularly those who, as signatories of the Lome Convention, have the possibility of considerable political and trade links with EEC member states.

Energy intention

Recently, Sr. Amaral met the respective ambassadors to Lisbon of all Portugal's former colonies and declared that his government had every intention of strengthening Portugal's relationship with them.

This reassurance was clearly long overdue. In its first weeks in government Portugal's relations with Angola, its most important former colony, steadily deteriorated. This was reached in June, 1978, when in contrast to the high point President Eanes signed an important treaty of co-operation with his Angolan counterpart, the late president Agostinho Neto.

Portuguese Foreign Ministry officials admit that since Neto's death Angola's new rulers have moved far deeper into the Moscow camp and that this has upset their relations with the Lisbon government. The practical expression of this change of attitude occurred in January when the Angolans nationalised remaining Portuguese shares in Diamang, the Luanda-based diamond cutting company without any prior consultation with Lisbon.

One final aspect of Portuguese foreign policy which deserves special attention is the question of Timor. Until quite recently this small island in south east Asia was the least remembered remnant of Portugal's former colonial empire. Yet stories reaching the international Press in recent months have painted a gruesome picture of widescale slaughter and starvation.

An estimated 200,000 people or about 20 per cent of Timor's population are believed to have died in less than four years. Timor, with its photographs of starving children, has become a new "Cambodia" and filled the Portuguese with a feeling of collective guilt.

The slaughter and the starvation are linked to the Indonesian military invasion of Timor after a bungled Portuguese decolonisation in December 1975. Reports of what really happened have been slow to emerge because of a total news blackout imposed by the Indonesian authorities. But Timorese refugees arriving in regular numbers in Lisbon have confirmed the extent of the horror already alluded to by a number of international aid organisations.

Indonesia's de facto occupation has been formalised into a de jure integration, although resistance by Fretilin, the Timorese liberation organisation, is continuing. Until now Portugal has refused to recognise the Indonesian fait accompli and has resorted to rather impotent protests at the UN.

Portugal's Centre - Right Government appears to be hedging its bets on a more pragmatic approach to the Timor question. Rather than waste its breath at the UN, Foreign Ministry officials believe the time has come to talk directly with the Indonesian authorities.

The Portuguese Government appears particularly concerned by reports that in addition to 2,000 Timorese living in Portugal there are a further 17,000 refugees waiting to be accepted by the Lisbon Government.

What remains to be seen is whether in its desire to solve a problem of human rights the Portuguese Government will again break with its predecessors and ignore the political aspect of legitimacy and the forces of occupation.

Jimmy Burns

EEC talks a priority

ONLY A 2½-hour plane journey separates Lisbon's crumbling cobblestones and rusty trams from the stark efficiency of Brussels.

One would normally have to go half way round the globe to find that kind of striking contrast. But the enormous gap which does exist between the capital of Europe's poorest applicant member and the capital of Europe's Ten member states underlines exactly why the issue of future membership is so important for the Portuguese.

In the few months it has been in office Portugal's Centre Right Government has tackled negotiations with the EEC head on, making this, in the words of Sr. Diogo Freitas do Amaral, Foreign Minister, its "priority of priorities."

One of the first acts of the Government was a shake-up in Portugal's EEC negotiating team and the creation of a new ministerial post, the Secretary of State for European Integration, to streamline high - level contacts with Brussels. Portugal's chief negotiator, Sr. Rui Almeida Mendes, now sits in on Cabinet meetings and co-ordinates the actions of various ministries.

At the same time the Government has thrown open all remaining "dossiers" on the structural problems of future membership so that both sides can get down as quickly as possible to negotiating the more complicated aspects. For the first time since Portugal formally opened negotiations in October 1978, both Lisbon and Brussels have agreed on a more or less definite calendar.

The idea is to break the back of the negotiations by the end of this year leaving a few more months for last-minute details. In principle, negotiations should be completed by the middle of 1981, allowing Portugal to become a full member in 1983.

Ever since 1976 when Dr. Mario Soares, the then Socialist Prime Minister, first canvassed the European governments on Portugal's application to join the Community, the Portuguese commitment to the European ideal has rarely been in question. But successive Portuguese governments have shown a tendency to put the cart before the horse, concentrating on the political advantages of entering the Common Market without really getting down to the problems involved.

Portugal's Centre Right government has gone further than any of its predecessors in being disarmingly direct. There is scarcely a page in its programme that has not either an implicit or an explicit reference to the EEC. Major policy decisions opening up key sectors of the economy to the private sector have been justified on the grounds that Portugal's present economic structure is a jumbled left-over from the 1974 revolution and is incompatible with future membership of the Community.

The paradox, however, is that in its apparent desire to cut through the theory and apply itself to the merely practical, the Centre Right government has come dangerously close to making Portugal's membership of the EEC politically divisive. For the first time since 1976 it is not just the orthodox Communist party that is beginning to look towards the Community with hesitancy and suspicion.

Sensitive

On a recent visit to Lisbon Mr. Roy Jenkins, president of the EEC commission, appeared extremely sensitive to the dangers of having the EEC become a partisan issue in Portugal. He made a point of devoting a long meeting to Dr. Soares.

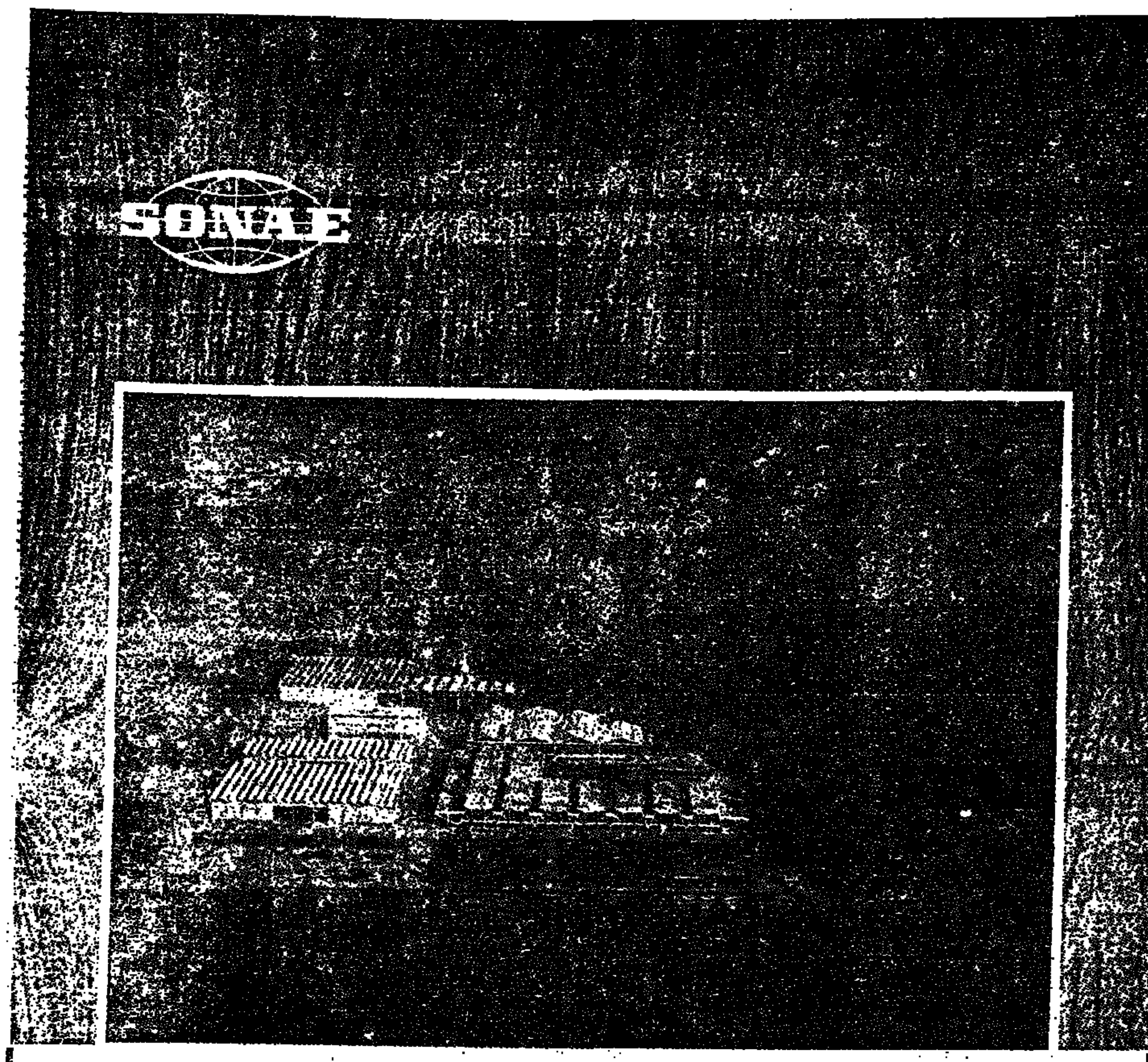
Quite apart from the political aspect, one of the main problems arising from Portugal's accession to the Community stems from imbalance in economic development. This threatens to accentuate the EEC's heterogeneity once Portugal becomes a full member. Portuguese per capita income is well below the European average which includes the two other recent EEC applicants, Greece and Spain, and only two-thirds that of Ireland, currently the poorest member.

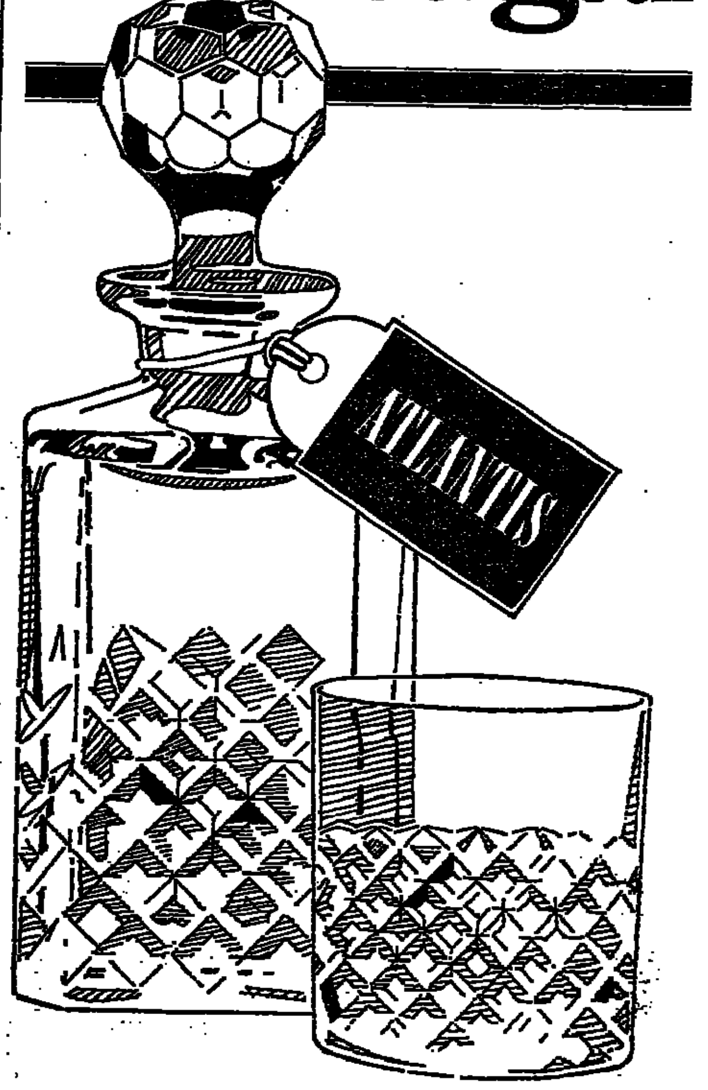
The EEC appears to have overcome its initial reluctance to treat Portugal as a special case and is now openly negotiating the prospect of pre-accession aid.

The issue remains a highly sensitive one, however, because of the current conflict between member States over budget appropriations and Portugal's own bad record on the absorption of funds. There is likely therefore to be a period of hard bargaining in the coming weeks as to the scale of the aid, even though its scope appears to be in little doubt.

Among the crisis-torn areas of the Portuguese economy that should be entitled to EEC help is agriculture. Although 28 per cent of its population is employed in the agrarian sector, Portugal is incapable of feeding itself, making its reliance on food imports one of the most damaging contributors to the trade deficit. Foodstuffs account

CONTINUED ON NEXT PAGE





Election colouring economic strategy

ECONOMIC POLICY this year is conditioned by the prospect of a general election in October. This means that the Government has to provide some sweeteners to keep its voters happy and deliver on at least part of its electoral programme of last December. But at the same time, policies have to be carefully tailored to avoid lumbering the Government with new problems after the elections.

Strategy is therefore based on two phases—the 10 months running from the last elections and the four years running from next October. Although there is obvious political uncertainty, the present Government has had the courage to think in these terms. It is the first time there has been a measure of strategic planning in the [eco]nomy since the Revolution [and] this is a welcome [deve]lopment.

[T]he Government's margin of [ma]noeuvre is limited, but there [is s]ome flexibility following an [im]provement in the country's [ext]ernal position last year and [un]der-spending in the Budget. [Th]e current account is on [pr]ovisional estimates showing [a] $80m surplus (when finalised [it] will be lower).

Exports rose 20 per cent in volume terms to $3.36bn (£1.5bn) and there was a strong increase in tourist earnings plus remittances from abroad. Remittances in particular showed an encouraging increase, rising from $1.6bn to $2.6bn. This has been attributed to higher interest rates inside Portugal, transfer of accumulated savings, and greater confidence by Portuguese living abroad.

No one really knows the extent to which this figure also represents capital returning to the country, sent by persons who fled in 1974. But it seems that for the first time at least some funds are being repatriated.

Gold reserves

The stronger external position is also reflected in the virtual elimination of the lien on Portugal's gold reserves. At the end of December only 64 tonnes out of 688.3 tonnes of gold remained pledged — compared with over 30 per cent two years ago. Within a month the gold reserves will free once again. Meanwhile foreign exchange holdings stand at $650m.

One of the first measures to be introduced by the Government was to revalue the escudo by 6 per cent, retaining at the same time the former crawling peg system whereby the currency follows a progressive monthly devaluation of 0.75 per cent. This currency adjustment was an uncomplicated move which, with little real damage to exports or remittances permits a certain margin of manoeuvre.

For a start it will enable the Government to maintain better control of inflation. The Government is aiming for 19 per cent inflation. Since it has substantial control over prices through subsidies this should not be too difficult to achieve, albeit with some judicious juggling. Last year, subsidies for dairy products, edible oils, fertilisers and cereals amounted to Es 15.6bn (£143.1m) and almost the same amount was devoted to oil products. The subsidies will be retained and perhaps in some cases increased.

The Government is also willing to readjust, if necessary, the crawling peg rate—moving the monthly depreciation to a slower pace of 0.5 per cent. The Government has also hinted that there could be another revaluation. Thus escudo adjustments will play a more significant part in conditioning economic activity.

The Government needs the margin at this end in controlling inflation since it is committed to some expansionary actions. Income-tax rates are being cut and the first interest payments will be made on bonds issued in compensation for the nationalisations carried out during the Revolution. The tax cuts will take the form of raising the thresholds at which different rates are applied.

The move probably does little more than restore a measure of real earnings to the Portuguese who over the past three years have seen wage increases eroded by inflation. The authorities hope to offset the cost of these tax cuts through improved collection and tightening up on evasion among the self-employed.

The payment of the compensation bonds is a more complex matter. Although a law on compensation for nationalisation has been approved by Parliament for three years, successive Governments have ducked the issue. The problem has been both political and economic.

On the economic side the Government has had to balance the need to restore international confidence by demonstrating that nationalisation debts are honoured against the poverty of its own Treasury and the potentially damaging consequences of releasing large sums of money without any real control. The Government is now trying to satisfy these conflicting elements.

The first group to be paid will be foreign capital. Studies will shortly be completed on the full value of foreign property nationalised. Another study meanwhile is finalising the form in which the bonds can be fully discounted — certainly not immediately.

Discounting will be further dependent upon money being chanelled to specific productive investments that conform to criteria of job creation, export orientation, regional location and technological input. Interest payments will be backdated, though not the full amount immediately.

The Government has set itself a timetable of making the first interest payments to foreigners before the October elections, according to Finance Minister Sr. Anibal Cavaco Silva. The Government is also reckoning on spending Es 10bn this year on interest payments.

Overall Government spending targets for 1980 have not yet been agreed. Nor indeed have the credit ceilings for the private and public sector. But there is a general guideline that spending should be held to around 20 per cent, i.e. pegged to inflation, no more.

BASIC STATISTICS

Area	88,940 sq km
Population	9.8m
GNP Es 767.4bn	(£9.087bn)
Per capita Es 78,306	(£927)
Trade (1978):	
Imports Es 210.83bn	(£2.50bn)
Exports Es 105.66bn	(£1.25bn)
Imports from UK	£273.5m
Exports to UK	£224.4m
Currency:	Escudo
£1=Es 84.45	(1978 average)
£1=Es 109.55	at 17/3/80

This is expected too, to be the parameters for the increase in credit to productive sectors. The Government has to observe greater budgetary discipline. For instance last year, despite underspending (through late Budget approval) by 26 per cent, the deficit still rose 33 per cent to Es 107bn. Public indebtedness also rose sharply and now stands at around Es 260bn.

Provisional estimates suggest that this year the Government will be making interest payments on debt service up from Es 26bn to Es 50bn—a figure that includes the compensation bonds. To alleviate this burden and to restructure existing debt it is highly likely that the Government will revalue its gold. Portugal's gold holdings are written in at a book value of $35 an ounce, even though, when the gold was pledged, the market price of the metal was taken into consideration.

Book surplus

If the various legal problems can be resolved, revaluation will create a book surplus to settle part of accumulated Government obligations with the Bank of Portugal. Several European countries have resorted to this formula in the past three years, including Austria, France, Italy, the Netherlands and the UK.

On the assumption that this measure is carried out, the Government could well press ahead with more investment. Sr. Cavaco Silva is aiming for an increase in GDP of 3.5 per cent, this suggests a slight pick up on activity in 1979 when growth was only 2.5 per cent. The uncertainty here is threefold: the effect of energy prices, the performance of exports and the state of domestic demand.

With Portugal 83 per cent dependent upon imported energy, the recent accumulation of oil price rises has had a serious effect. Energy imports this year will cost $2.3bn. Portugal has appointed a special Energy Ambassador to try to secure supplies, hopefully at privileged rates. Even so, the payments position will deteriorate and register a deficit of some $800m. Although the new Government is unafraid of a deficit, this has to be watched.

Exports meanwhile are expected to level off. As for domestic demand, this last year was stagnant in the private sector. It is hard to see any significant change until the latter half of the year.

The Government is preparing plans for some big capital intensive spending. The sectors selected are the energy field (four new hydro stations in the north), the steel industry (adding another 1m tons to capacity) and mining, to include the development of pyrites in the Alentejo. With the exception of the hydro projects, these will take time to mature.

In more general terms a fundamental aim of the Government is to create a climate of confidence in which both Portuguese and foreign capital is willing to invest. The first step here has been the decision to admit private banks and insurance companies. The move is not a preliminary to denationalisation of existing banks and insurance companies, or to displace them: rather a gesture to the concept of a market economy which Portugal must adopt if it is to enter the EEC. The activities of the latter will be restricted.

Other elements designed to build investor confidence are an acceleration of the return of expropriated agricultural land, a commitment to change the labour laws and a tightening up in the running of the State owned companies.

Here the financial position of many concerns, especially in the transport sector, is parlous and sustained by subsidy. The Government is doing its best to disabuse the concept that losses are always backed by the State. For instance there have been eruptions inside the national airline TAP, one of the more troubled companies. TAP owes the State oil company, Petrogal, Esc 3.5bn—equivalent to a year's fuel supply.

Overall it is reckoned that State concerns need some Esc 20bn in capital to refloat them on a sounder basis.

By building up domestic and foreign confidence, the Government hopes that future job creation will come from the private sector. It is a classic market view that by liberalising the system, allowing labour to be shed where inefficient, more jobs will come through greater prosperity and new investment. Portugal has been living in a highly protected, State-dominated economic world since the revolution.

The effects of international recession, the absorption of the "Retornados" from the ex-colonies and the evaporation of private confidence combined with clumsy State management have created unemployment and low productivity. Unemployment is now at 8.3 per cent and rising. It is not going to be a smooth ride.

Robert Graham

EEC talks

CONTINUED FROM PREVIOUS PAGE

for nearly 30 per cent of total imports.

Until now a large part of its essential food needs, such as cereals and oil seeds have been imported from the world market, at lower prices than those existing in the Community.

The problem has been further compounded by the tendency of successive Portuguese Governments to subsidise domestic prices and to intervene in the market.

Portugal's Minister of Agriculture, Sr. Antonio Cardoso e Cunha, believes that domestic prices should be liberalised and geared to Community levels, but he feels that the EEC should be prepared to compensate Portuguese farmers and help them to increase domestic production through technical help. The danger is that Portugal could find herself in a similar situation to the UK in that it would be paying artificially high prices for its food imports without receiving sufficient returns from its food exports. Portugal might therefore require special compensation for its net budget contribution.

Because of the low yield of most of its crops, Portugal is likely to require Community aid in the areas of mechanisation, irrigation, agricultural education, and seed and fertiliser use.

The sector remains in desperate need of structural change, an aspect which is complicated by politics. In the north, Government attempts to weld small and fragmented farms into a system of co-operatives appear to be proceeding at a reasonable pace.

In the south, the Government is speeding up the return of collectivised land to private ownership, breaking up large areas into smaller more productive units. But while it hopes to complete this process by next October, it is increasingly facing the resistance of Communists from workers in the area.

Sr. Cardoso e Cunha says: "We are a very small problem for the EEC, but the EEC is a very big problem for us."

Nevertheless, Portugal could add to the Community's surplus problems in tomato paste and wine. Portugal will bring to the EEC one of the world's best quality and most efficient tomato paste export industries.

But wine is expected to be the main problem area for integrating Portuguese production into the EEC's common agricultural policy. However, the Portuguese insist that this should not be exaggerated. Portugal's annual wine harvest is 10m hectolitres compared with 70m in Italy and 65m in France.

Given the fact that Portugal has an annual domestic consumption of 6m hectolitres there is little likelihood that Portuguese wines will ever flood the European market.

Investment

Less problematical for the EEC is Portuguese industry, although here too there is a need for a major restructurisation and increased investment. Portugal's industry will have to be strengthened to withstand Community competition and also to absorb the displacement of labour as a result of changes in the agrarian sector. In the south, for example, agrarian reform is expected to leave an estimated 30,000 unemployed.

Portuguese industry until now has been concentrated in a small coastal strip between Braga and Setubal where 95 per cent of industrial production and about 80 per cent of jobs are located. The sector is also heavily dependent on imports of raw materials, intermediate products and capital goods.

Jimmy Burns

A shortage of foreign investment

WITH THE striking exception of Turkey, there is less foreign investment in Portugal than in any other country in Europe.

Its total stock of approximately $650m (£290.4m) is less than the value of one year's foreign investment in neighbouring Spain. Foreign companies existing in Portugal moreover employ less than 5 per cent of the total labour force and account for less than 10 per cent of the total industrial output.

Recent figures released by the Portuguese Government show that foreign investment in 1979 increased over the previous year by 124 per cent to Es 4.2bn (£38.5m) but this gives a distorted picture. The statistic applies largely to increases in capital and reinvestment, a poor compensation for the fact that last year there were no new investments in Portugal of a value above Es 40m.

The lack of foreign investment in Portugal stems primarily from the political climate that has prevailed since the 1974 Revolution and the restrictive legislation that has resulted from it. Constant changes in government—there have been 12 in six years—has meant a lack of a medium-term plan. At the same time, laws such as those preventing an employer the freedom to fire and hire, and restricting the activity of the private sector in crucial areas of the economy such as banking, have proved a poor incentive for potential investors.

An important psychological factor dissuading foreign investment has been the sluggish approach, if not outright indifference, demonstrated by successive Portuguese Governments on the question of compensation for firms nationalised or illegally taken over following the revolution.

However, these negative aspects do not tell the whole story of foreign investment in Portugal during the past two to three years and certainly do not explain why some foreign companies have chosen to remain in Portugal, and why others have chosen to invest for the first time. In the latter category must be mentioned Upjohn, the U.S. multinational which in 1978 signed a $20m joint venture agreement with Quimigal, the Portuguese State-owned chemical company.

More significant however was a $600m expansion programme proposed by Renault the French car manufacturer. Renault approached the Portuguese Government in 1976 and signed an initial protocol agreement in June last year.

These initiatives suggest that while the political climate has been bad, it has not been impossible.

Since the publication of a new foreign investment code in 1977, foreign companies have been able to enjoy a number of incentives which would have been unheard of in the heady revolutionary days of 1974 and 1975. According to the code, a new investment is expected to meet four basic criteria. It must contribute positively to the balance of payments by being export orientated, it should have a high added value in Portuguese territory, and it should involve the creation of a significant amount of new jobs. In addition the new project should be backed by a solid financial structure based on an adequate reinforcement of fixed capital by the company's own capital.

If these criteria are met, a foreign company is guaranteed the freedom to transfer dividends and profits without any restrictions. It will also be granted a number of generous fiscal benefits.

The 1977 foreign investment code also resulted in the creation of a semi autonomous Government agency, the Foreign Investment Institute, in charge of streamlining the process of screening new applications. According to its chairman, Dr. Alexandre Vaz Pinto, the institute is the "only body with which the potential foreign investor has to deal for the purpose of obtaining the necessary authorisation."

The foreign investment code and the institute have however been criticised as ambiguous and bureaucratic by many foreign businessmen.

Discriminate

They point out for example that despite its more or less liberal appearance, the code is essentially discriminatory. For instance, it restricts a foreign company's access to medium-term capital and sets five years as the minimum period before a foreign company can go into voluntary liquidation. At the same time, potential investors regard the case by case assessments carried out by the institute as unnecessary red tape which contradicts EEC rules.

Dr. Yaz Pinto defends the code on the grounds that Portugal's poor economic underdevelopment makes the country particularly vulnerable to some of the negative effects of foreign investment. "We are trying to attract stable, not speculative, investments," he says. The rule should apply particularly in a situation such as Portugal's where the capital market is limited and a strict credit policy is still in force.

The case by case authorisation is necessary to direct investments towards those sectors "which most interest Portugal." Dr. Vaz Pinto however points out that there is an automatic procedure for the "simplest files," namely capital increases and small investments. A decision on larger investments is taken within three months though this is sometimes subject to last minute delay. The Renault project took three years. Generally, however, rules regarding financing are flexible and can be adapted to the needs of a specific project.

The process of adapting the rules to Portugal's impending membership of the EEC is of course already well under way. Portugal's Centre Right Government is determined to attract foreign investment to put the country's economy on firmer footing.

While recognising that its room to manoeuvre is to some extent limited until after October's general election, it has already began to dismantle what it regards as the less positive aspects of Portuguese legislation.

The Government has already approved a decree law that will throw key areas of the economy such as banking and insurance open to private investment again. The new law, however, will still leave petrochemicals, oil refineries, steel, armaments, the three utilities (gas, water and electricity) as well as rail and air transport as Government monopolies.

The Government is also committed to speeding up compensation estimated to be worth a total of $2bn at the present rate of exchange. The idea is that interest rates will be raised on the bonds given to those whose companies have been nationalised and these will be properly discounted by the banks, thus making funds available for new investment.

According to Dr. Vaz Pinto several Spanish companies have been compensated in recent weeks.

The Government programme is also pledged to a liberalisation of present labour law. Nevertheless the introduction of any legislation giving employers greater freedom to hire and fire workers would run the risk of creating large-scale labour unrest and of aggravating unemployment. Here again the Government is expected to act cautiously at least until after the election.

Foreign investors can expect further incentives as a result of a new package of measures prepared by a Government-appointed working group. This will streamline further the method by which fiscal and credit incentives for new investments are screened. While the task will be centralised under the Minister of Finance, Government officials have stressed that for the moment there will be no changes to the case by case method of authorising new investments.

The Government has set itself a growth target of 3.5 per cent for 1980, almost double last year's and wants foreign investment to make a significant contribution to this. It believes that in addition to the new existing incentives, Portugal has other attractive qualities such as low cost labour which should bring foreign companies along in increasing numbers.

Jimmy Burns

Rapid reform for banking

THE GOVERNMENT'S electoral pledge to liberalise the banking system and permit the return of a measure of private enterprise has never been doubted. It had been generally recognised that if Portugal were to enter the European Community, it could not exclude foreign banks and investment companies and therefore any government, no matter what political complexion, would have to make changes.

But the speed with which the Government acted on its pledge has caught many by surprise. Last month it committed itself to the early introduction of legislation to permit the operation of private and foreign banks and investment companies. Details are not yet available, but the principle is clear enough. Private banks will operate alongside the State-run institutions, albeit with their activity tightly defined, in order to create greater competition and greater diversity of financial services.

Nationalisation of the banks and insurance companies was one of the principal economic aspects of the 1974 revolution. The banks were generally family-run and were usually part of conglomerate empires that had wide ramifications through equity participation in industry, the services and agribusiness. Under the old order they had enjoyed a privileged position and had come to symbolise the social inequalities of Portugal.

With this background in mind, it would be difficult for any advocate of the market economy to consider a return of the banks to their original shareholders. It would be politically impossible less than six years after their nationalisation. Thus the principle on which private initiative is being allowed back to this sector also has to take account of the recent past.

Emphasis

The existing nationalised banks will continue to operate as usual with their emphasis on retail operations and retaining their existing specialisations. Some banks have historically been more active in gaining business from remittances or in financing commerce and exports; others, like Fomento, concentrate on industrial finance. The new private banks will not wish to commit themselves anyaway to retail banking and will naturally look at the wholesale end.

There are suggestions that Portugal could copy the type of restrictions Spain imposed on the entry of foreign banks to that country last year. These consist of a hefty upfront entry fee, restrictions on local currency dealing (i.e. escudos business) and on the amount of business in profitable guarantees. There are also likely to be retrictions on spot transactions, pushing the new institutions into business dealing in terms of one year and upwards.

Portuguese who fled at the time of the revolution are also showing a good deal of interest in re-establishing themselves. They regard liberalisation at this level as an important part of the climate of confidence necessary for new investment. Already there is one financial services company, MDM, (formed from the Mello group with America's Morgan Guaranty and Germany's Deutsche Bank) which took the gamble almost two years ago by setting up on a slim operational base in the hope of liberalisation.

But it is worth sounding a note of caution. Entry is bound to be selective and highly controlled—at least this will be the case with foreign institutions.

The main hope is that the admission of private enterprise to the system will stimulate the growth of a capital market. At present this has a very narrow base. The bulk of Government debt is directly with the Bank of Portugal (just under 80 per cent). A substantial proportion of bonds issued by the Government are at non-market rates—7.5 per cent—which the banks and the Bank of Portugal are obliged to purchase.

International trends

In the past year the Government has been obliged to go to the market with issues that reflect international trends and local inflation.

The existing inter-bank market is dominated by the Bank of Portugal. Effectively there are two markets. The first is for 24/48 hour funds, the rates for which are fixed by auction. This inter-bank market is the principal means of absorbing short-term liquidity. Then there is a second market which involves the Bank of Portugal selling off bonds from its own portfolio to banks at discounts determined on the day. Lacking in the present system are short-term Treasury bills.

If the system is to be liberalised, however, the Government has to accommodate the demands of the economy for reasonable term finance. There is a natural tendency — witness Spain — for banks to gravitate towards short-term lending once funds are released which were previously tied up in state-directed low-interest, long-term investments.

The Portuguese savings banks, for instance, an important source of deposits, have almost 90 per cent of their resources channelled to term lending. This cannot be quickly or easily changed.

Although the nationalised banks have been encouraged to compete against each other they have remained conditioned by the attitudes of successive governments towards them. So long as the question of compensation remains unresolved there has been a general reluctance on the part of the authorities to increase the capital of the individual banks. This has meant that the banks have tended to become undercapitalised, and in turn this has inhibited the way they operate. The Government is interested in making changes in this respect but it is unclear whether any acton will be taken before the anticipated general elections in October.

Robert Graham

Unions face a battle with the government

By a correspondent

PRIME MINISTER Francisco sa Carneiro may have a parliamentary majority, but the Opposition is still firmly in control of Portugal's trade union movement. And it is an Opposition well to the left of the *Socialist Party. Only* a year after launching its bid to wrest control of organised labour from the Communist-dominated CGTP-Intersindical, the General Union of Workers (UGT) lies in shambles, an embarrassing reminder of past friendships which all sides involved are hurriedly trying to forget.

Set up by a grand alliance of *non-Communists* with outside backing, particularly from West Germany, the *UGT* faced credibility problems right from the start. It won only limited acceptance, attracting mainly white collar unions, whose members tend to be less militant. It was the child of an unnatural union between Christian Democrats, Social Democrats and Socialists.

The Socialists are now in opposition, having paid a heavy electoral price for their labour policies, whereas the Christian Democrats (CDS) and Social *Democrats (PSD) are in power.* The inevitable has already *started happening. The Christian* Democrat unions held their own small congress and urged their Social Democrat partners to boycott the Socialists in the UGT.

The Socialist Party, licking its wounds after last December's double electoral defeats, decided to put out feelers to former dissidents to recover its left wing image, particularly in the labour movement. In practice, that meant a reconciliation with the UEDS (Union of the *Democratic Left) of former* Socialist Agriculture Minister *Antonio Lopes Cardoso, some of* whose leaders form a non-Communist minority at the top of the CGTP-Intersindical.

Portugal's labour movement has traditionally been highly fragmented, but when the CGTP-Intersindical gathered 256 trade unions speaking in the name of *1.5m workers at its third con*gress in early March, it was *laughing.* In just one year it had seen the biggest potential threat to its position disintegrate in all but name, torn asunder by internicine quarrels.

A new realism is replacing the idealism of revolutionary days. A soldier carrying a rifle with a flower stuck at the end of it restrains a good-natured crowd in April, 1974

By contrast, the Communist-dominated Labour Confederation remains predictably monolithic. The CGTP-Intersindical programme that was approved by all but 14 unions is violently anti-Government in its language, but *so far, at least,* the confederation has avoided a real *showdown with Portugal's first* right wing Cabinet since the *1974 Revolution.*

This has earned its pro-*Communist leadership* bitter criticism from the extreme Left, which has accused the CGTP-Intersindical with being obsessed with protecting its *legal status at all costs and of* being at heart frightened of breaking the social peace.

A climate of conflict would in the short term stand to benefit the revolutionary Left more than a Communist movement that has always been in search of respectability since the setback it suffered in 1975. The pro-Moscow Communist Party itself has already warned that the Sa Carneiro Government might give way to a Right-wing dictatorship and avoiding that *is its real priority.*

Communist trade unionists, *confident that time is on their* side and that their side will *ultimately win, are showing a* new realism in Portugal. They say they *realise* that workers' main concern at a time of economic difficulty is keeping their jobs and that the radicalism of the revolutionary period of five years ago would be counter-productive today.

Communist workers' committees have watched passively while factories and firms were handed back to their former *owners.* Even the strikes and demonstrations that have been *staged so far seem to be more* for show than anything else. The Government's economic measures made some sort of union protest *inevitable,* but the CGTP has so far carefully avoided calling a general strike and its first Lisbon demonstration against the rise in the cost of living was small and subdued compared to similar ones of only a year ago. When the CGTP-Intersindical organised a protest strike by public transport companies in March, it limited it to off-peak hours.

Confirmation

The Government, frustrated at how control of the labour movement escapes it in spite of its electoral strength, seems to be pursuing a policy of confrontation with the unions. It wants to show its electorate it can deal firmly with the Communists, but at the same time *it is ready to negotiate.*

The future really depends on what happens to the economy *and particularly to unemploy*ment, a highly emotional issue *which really could mobilise the* workers on the scale of 1974 and 1975. As long as the Government can avoid any mass layoffs or pushing the CGTP-Intersindical into a corner from which it cannot back out gracefully, the labour unrest which appears destined to accompany this Government will probably remain mostly cosmetic.

As the former Governor of the Bank of Portugal, Jose Silva Lopes, recently said after *resigning:* "Only in Portugal could successive Governments *since the Revolution have gone* on reducing the real income of workers with so little opposition."

Tourism vital to economy

By a correspondent

IF PORTUGAL'S present tourism boom is to continue, the pace and scale of new investment in the sector must rise considerably, say senior tourism officials. Because the industry is so important as major foreign currency earner, the National Tourism Office is *gearing up* to attract more foreign and local entre*preneurs into the field.*

According to tourism's Sr. Manuel Rocha: "This country has plenty of excellent opportunities for tourist developers." He says recent extensive studies show Portugal can expect a 7.7 per cent increase annually in foreign visitors for the next four years. To keep up with this expansion the country needs 5,000 additional hotel beds every year, a target *which can be achieved over the* short term by bringing to completion projects at present under construction. "But," says Sr. Rocha, "if we are to meet the medium-term demand projects now under study and future planned investment must be speeded up."

Portugal currently has *150,000 beds* to offer tourists (compare neighbouring Spain's *2m) and despite rising prices* the country has managed to maintain *a highly competitive* position in the world tourist charts. *Visitors numbered 5.2m* in 1979, a 56 per cent increase over the previous year and the largest number ever to have come to *Portugal,* according to recent statistics.

This influx brought the Treasury Es 35bn, 75 per cent more than in 1978. Allowing for inflation this represents a real income growth of 50 per cent, making tourism the strongest growing sector in the economy, according to the Tourist Board.

To keep pace with double figure inflation, hotels and restaurants have raised their prices steadily but because of the weakness of the escudo the cost in sterling, marks or francs has remained very attractive in comparison to other popular Mediterranean holiday areas.

Encourage

It is this popularity which is encouraging those thinking of sinking money into industry, which was badly hit by the *revolutionary disturbances.* The Sheraton group will shortly go *ahead with its 800-bed hotel* complex at Vilamoura in the *Algarve. The group is also* studying a project in the northern city of *Oporto,* heartland of the wine and textile industries.

Intercontinental Hotels has just taken over the Lisbon Ritz, a five-star luxury hotel, and is examining other investments around the country. Meanwhile Hilton Hotels is reportedly looking at building sites in Lisbon and Oporto.

To encourage these and *other* would-be investors, the Tourist *Board has just obtained Govern*ment authorisation to improve *its already attractive aid* schemes for developers. It can *now grant up to 75 per cent of* the total capital in low-interest *loans payable over 15 years.* Depending on the investment's *classification, the interest* rate varies between 12 and 22 per cent—which, says Sr Rocha, is giving away money, because inflation is running at about 24 per cent.

As almost every tourist advertisement will tell you, people come to Portugal for the sunshine and the beaches—300 sunny days on average annually and 500 miles of golden sand. It is a favourite haunt for British, West German and Spanish holidaymakers and especially popular for the emphasis on open-air recreations—golfing, fishing, camping, boating and sailing.

But the Tourist Board realises that there must be *some changes if the industry is* to develop and while keeping *faithfully to these successful* promotion themes intends shifting the emphasis to other relatively unvisited areas of the country.

Three regions in the interior have been chosen as pilot schemes. They are the Sierra da Estrela mountain ranges for winter sports in central Portugal, the natural park of Penedo do Geres in the far north for nature lovers and the towns of Elvas and Vila Vicosa in the eastern Alamtejo for their historical and scenic attractions.

But the *Tourist Board* realistically admits that heavy, and in the *short-term unobtainable,* Government expenditure on ser*vices and infrastructures will* be necessary. Thus it is hoping *private enterprise will step in* once the idea catches on and *the spots become popular with* tourists.

Portugal is very popular with British, West German and Spanish holidaymakers seeking the sun. Above: fishermen's boats on the beach at Albufeira, Algarve

The 1974 coup created new leaders and new political situations for them to deal with. Four of the men at the top are profiled here.

Antonio Ramalho Eanes

FUTURE HISTORIES on Portugal's transition from revolution to democracy will devote thick chapters to the role of President Antonio Ramalho Eanes.

To a greater degree than perhaps any other political or military figure, the 45-year-old general was born, bred, and ultimately delivered of April 25, 1974.

The date determined a future role in Portuguese politics for the then obscure and little known army major. After the coup, Eanes was recalled from active duty in Africa by General Antonio Spinola, the then head of the armed forces movement. Spinola picked Eanes from obscurity because he admired the young major's professionalism. He also found Eanes politically much more trustworthy than many of the left wing officers who had made the coup.

Once in Lisbon, Eanes came into first-hand contact with the topsy-turvy atmosphere of revolution. Appointed, within five months of the coup, as the chairman of Poruguese Television, he became closer than most to its excesses as soldiers and civilians grappled for prime time after nearly half a century of dictatorship and censorship.

Eanes was propelled into the limelight not by personal ambition but by the ambition of others who saw in his military professionalism and administrative capacity a way out of the chaos.

But as the revolutionary fervour grew it was Eanes, aided by a group of army officers, that knitted together a broad spectrum of civilians and politicians, united essentially in their determination not to see Portugal taken over either by the far Left or the Communist Party.

It was Eanes who on November 25, 1975, led the "coup within the coup" and put down the far Left once and for all, opening the way for the country's first free parliamentary elections within the year.

Looking back, it is difficult to chart the exact point at which the one-time loyal subordinate became the strongman with clear ideas of his own. What is clear though is that having being propelled into a position of military strength that November, Eanes found himself for the first time in his career with substantial room to manoeuvre.

He had watched the unity and discpline of the armed forces rapidly deteriorate in the wake of the revolution. He had managed to keep some troops together and was determined to extend this rule to the whole of the armed forces, and to take them firmly back into the barracks.

Neutrality

On the political front, it was Eanes's basic neutrality that won him broad backing in the country's first free Presidential elections in 1976.

In restrospect, it is ironic that the first two political parties to offer their support to Eanes, the Social Democrats and the Christian Democrats are today, within the governing alliance, his most outspoken opponents. But the fact underlines the extent to which Portuguese politics has evolved during the past four years.

In the opinion of his critics, and Portugal's present Prime Minister, Francisco sa Carneiro counts himself among them, Earnes has promised much and achieved very little. On the military front he has been unable to wrench himself free of a small clique of army officers who, from their position within the constitutional watch-dog, the Council of the Revolution, have been unwilling to allow the civilians to get on with the job of governing.

Eanes has revealed himself as a thick-skulled soldier lacking the intellect necessary to deal with the intricacies of a modern democratic State. In short, it is said, Eanes in his dual capacity as Chief of the Armed Forces and President of the Republic is a huge mistake. He has contributed to Portgual's political instability and left the outside world with the unedifying spectacle of constantly changing governments and financial collapse.

In the opinion of his defenders, however, Eanes has been a kind of *deus ex machina*, the ever-present stable factor whenever crisis has loomed. They blame the political failures of the past not on the Chief of State but on the quarrelsome nature of the politicians.

Eanes's ultimate gift has been his patience. The country's constitution gives the President sweeping powers: he can dismiss the Prime Minister, dissolve Parliament or declare a state of siege. He used the first two only when all else had failed and opted for an early election last year rather than the assumption of greater personal power.

On the military front he has kept his word by purging the armed forces of such potential coup mongers as Major Otelo de Carvalho on the Left and

Eanes: own clear ideas

General Spinola on the Right.

A common thread does, however, run through everything that is said about Eames; an awareness that the one time major is a central figure in the present political situation.

By choosing to oppose him, the present Government is taking a major gamble. It hopes that in the next few months it can find an individual capable of commanding the same wide support among the civilian population and within the military that Eanes did in 1976.

The Government is up against a curious paradox. While the Democratic Alliance won a sweeping general election in December, recent opinion polls suggest that Eanes still commands widespread support as President.

Meanwhile the General himself has decided to keep everyone guessing as to whether he will stand as a candidate. Today, to a greater extent than at any stage since the Revolution, Portuguese politics is marking time, waiting for Eanes.

Jimmy Burns

Cavaco Silva

WHEN PORTUGAL'S Francisco Sa Carneiro swept his Democratic Alliance to power in December he promised nothing less than radical change, and probably nothing has demonstrated this better than the actions of the new Finance Minister, 40-year-old Sr. Anibal Cavaco Silva.

His package of anti-inflation measures included a 6 per cent revaluation of the escudo, a dramatic break with the exchange rate policy pursued by his predecessors. At the same time Sr. Cavaco Silva has drawn up crucial legislation opening up key sectors of the economy such as banking and insurance to the private sector for the first time since the 1974 Revolution.

In his first speech to Parliament, Sr. Cavaco Silva said: "This Government accepts the challenge of expanding the economy and reducing inflation," and followed this up by contradicting the forecasts made by the OECD a few months earlier.

Brilliant thesis

All this would appear too much of a gamble for someone with no previous Ministerial experience. But Sr. Cavaco Silva's own self-effacement distracts from his undisputed technical qualifications which make him among the few real economics "brains" in Portugal.

Graduating with a reportedly brilliant thesis from York University, England, Sr. Cavaco Silva went on to teach at the economics faculty of Lisbon University, a post he held until his early incorporation into the Bank of Portugal.

There he gained a unique insight into the workings of successive Finance Ministers.

He was subsequently appointed head of the bank's statistics department. As such he became an important figure in Portugal's negotiations with the International Monetary Fund which lasted on and off between 1977 and 1979.

In a sense, Sr. Cavaco Silva's economic programme is a natural consequence of the past two years during which Portugal's current account deficit has been reduced to a manageable $890m. The Minister has therefore considerably more room to manoeuvre than any of his predecessors since the 1974 Revolution.

In this stormy election year, his critics are already suggesting that he may use his mastery of statistics for a great deal of window dressing between now and next October. Sr. Cavaco Silva has promised the contrary and appears convinced that he can achieve his targets without resorting to trickery.

Jimmy Burns

Francisco Sa Carneiro

THE MOST distinctive feature of Portuguese bullfighting is that the bull is literally taken by the horns and subdued. The Prime Minister, Sr. Francisco Sa Carneiro, seems to employ this technique too. During his first two and a-half months in office he has shown a remarkable willingness to confront issues head on.

The same was true of his electoral campaign last December. This is something refreshingly new in Portuguese politics but it has also raised eyebrows among those who fear that the scars of the Revolution are only healing, not healed.

At present, Sr. Sa Carneiro is acting with the confidence of someone whose judgment has been vindicated. The election result, in which the Centre Right coalition, Alianca Democratica, obtained a majority of the parliamentary seats, was very much his victory. He calculated the coalition would attract voters by offering an unambiguous platform that was a clear alternative to the Left.

Thus he promised to liberalise the economy, reduce state intervention, alter the constitution, curb the role of the military, and change the labour laws. He also promised stability. A combination of an end to chronic government instability and his clear-cut alternatives were undoubtedly the carrots which brought voters over to his coalition.

But it is worth underlining that even some of his close supporters doubted whether he would have sufficient impact. The fact that he never heeded such doubts reveals an important element in his character. Once he has made up his mind, he is not easily swayed.

This partly reflects his own inner conviction in the correctness of his policies: it also reflects a strong stubborn streak. His opponents also believe that this stubbornness is part and parcel of a certain arrogance. Certainly the Prime Minister is a complex person. Despite a clear ambition to get to the position he now holds, Sr. Sa Carneiro is not one who appears to enjoy dealing with crowds.

Sr. Carneiro was born in the northern city of Oporto in 1934. He has a fairly typical bourgeois background of a family living in the two big cities of Portugal. He studied law at Lisbon University and subsequently developed a successful corporate practice. His political ambitions led him to be a deputy in the Salazarist Parliament, but he was frequently at odds with the authorities on the need for greater liberalisation.

He was careful to retain a distance from the Caetano Government and earned his credentials as a Democrat both by demanding an inquiry into the activities of the unpopular security services and by calling for greater Press freedom. Eventually he resigned from Parliament in 1973, claiming he was unable to fulfil the role of an MP.

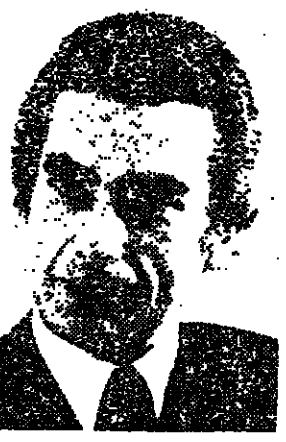
Consistent

His critics claim this was a cynical gesture to ensure he was politically untainted in the impending shake-up of the old order. His supporters say the gesture was thoroughly consistent with his integrity as a Democrat.

After the Revolution, Sr. Sa Carneiro emerged as one of the leading civilian political figures. But it was not really until the Communist influence waned and Ramalho Eanes was elected President that he began to move to the forefront of the political scene with his Social Democrat Party (PSD).

Ironically he was the first person to throw his weight behind the candidature of President Eanes: now the two men are confronting each other over the respective roles of the Prime Minister and the President.

The relationship between these two men is going to be the single most important political consideration over the next six months. Sr. Sa Carneiro feels very strongly that the job of the Government is to govern and of the President to preside



Sa Carneiro: confidence

—and not to take sides. Sr. Sa Carneiro also believes that this is what his mandate was from the electorate. Here he has taken the bull firmly by the horns.

Ideologically, Sr. Sa Carneiro falls into no easy straight-jacket. His PSD party has oscillated between support for the Socialist Party and now its alliance with the right wing Conservative Christian Democrats and Monarchists. He resigned from the leadership in 1978 over criticism of his tight personal control of the party.

His guiding principles seem close to a sort of Thatcherite Toryism. He is blunt and says what he means, hence his quick implementation of parts of his electoral platform has caught a torpid political class by surprise. He has also shown a certain amount of courage—some would call it brazeness—in a Catholic country by not hesitating to appear in public with his Danish-born girlfriend.

In the country as a whole he is establishing the image of a leader—no small achievement since he effectively campaigned as *primus inter pares* among the Aliamca Coalition members during the election. But he has to do this if he is to be re-elected in October. His behaviour suggests that he believes he will.

Robert Graham

Jorge Sampaio

THE GREAT question about the future of the Portuguese Socialist Party is: who will succeed Mario Soares as leader. The ex-Premier lost two elections last December—parliamentary and municipal—and if the Socialists lose again in the autumn, he will probably be made the scapegoat for all the failures of the past at a special party congress.

Jorge Sampaio, a 40-year-old lawyer, has made a meteoric rise in the party since joining in 1978. He is one of those rare creatures on the Portuguese Left who emerged with a clean record from the political in-fighting of the 1974-1975 revolutionary period.

A fiery student leader who managed to beat the Caetano system before the 1974 Revolution, he had established himself as a successful lawyer by the time the dictatorship was overthrown.

Sampaio and some fellow-thinkers deeply influenced by the events of May, 1968, in France, launched the Movement of the Socialist Left (MES). Within months, it was taken over by pro-Communists and he and his friends quit.

He went back to his law practice, but he and his ex-MES friends were acting as a kind of non-party left wing brains trust in what was known as the Socialist Intervention Group (GIS). He joined the Socialists when their Government was in its death throes and was seized on as a saviour.

Sampaio is above all a pragmatic revolutionary. He has a healthy respect for power because it helps put ideals into practice. He appeals to intellectuals, but knows it is dangerous to frighten the middle classes.

His career shows he knows how to bide his time, a rare quality among Portugal's volatile politicians. His English education and his poltical culture make him one of the few Portuguese Socialists capable of projecting himself internationally. He is already a parliamentary deputy and a member of the party's ruling Secretariat.

Our Own Correspondent

PORTUGAL VII

Shipbuilding depends on State support

THE TENDENCY of Portugal's industry in the past to allocate its scarce capital investment funds to sectors doomed by world crisis is perhaps nowhere better illustrated than in shipbuilding. In 1974, for example, just as the oil crisis broke and 19 days before Portugal's own revolution the Government sank an estimated Esc 5bn in a shipyard designed for supertankers.

Since then a combination of falling orders and increasing costs—between 1974 and 1977 the workforce of Setenave, Portugal's main shipbuilders, increased from 1,400 to 6,200—has meant that the sector has been kept alive by State support. Figures recently released by the Finance Ministry show that in the past three years Setenave has absorbed Esc 2.7bn, or about 85 per cent of total State subsidies to industry. In addition, Setenave has received Ssc 640m in straight cash grants from the Government.

Portugal's revolutionary legacy has meant that, in contrast to other European countries, successive governments have been unwilling to accommodate this drain on central government resources with corresponding rationalisation of the sector. The workforce remains the same today as when it peaked in 1977.

Although it was originally designed for building ships of up to 700,000 tonnes, Setenave has receive dorders for only two VLCC's since opening up in 1974, one from Soponata, the Portuguese shipping company, and the other from the Liberian company Setebello. It has tried to compensate for this by diversifying its activities into shiprepairing and taking orders for smaller ships. The shiprepairing side has gradually picked up since 1975.

On the shipbuilding side Setenave has signed a contract for three 38,000-tonne bulk carriers for Portugal's merchant fleet. The trouble about changing to smaller scale building is that it underutilises the yard's infrastructures, particularly the heavy plate shop which was built with supertankers in mind and which now is in danger of remaining idle for long periods at a time.

Setenave has been partially successful in securing contracts that will make fuller use of its steel capacity—last year it began work on two floating docks, one for Jeddah in Saudi Arabia and the other for Brazil. Generally, though ,the shipbuildng sector's finances remain weak and prospects far from certain.

Setenave's losses are blamed on the fact that the early big tanker contracts were made on the basis of fixed prices and in escudos. Because of the devaluation of the escudo since 1976 and spiralling domestic inflation Setenave now finds that orders which were originally valued at $58m have decreased in real terms to around $28m.

Setenave officials describe short-term prospects as "reasonably safe," claiming that the yards can work at reasonable capacity until the end of next year, by which time work on the VLCC's, the three bulk carriers and the floating docks will be complete. The sector appears, moreover, partially encouraged by signs that world shipbuilding appears to be experiencing a cyclical upturn.

For the medium term Setenave is hoping that the Centre - Right Government might give the green light to a major re-equipment of the country's archaic merchant fleet. Portugal is a significant net importer of essential goods, the bulk of which are transported in foreign vessels at heavily inflated freight charges and a corresponding drain on the balance of payments.

The Government has given the go-ahead for the construction of a new thermal power station at Sines. This is scheduled to go on stream by the beginning of 1983, by which time Portugal will need to be importing an estimated 1m tonnes of coal per annum. But while there is optimism about a favourable decision on the fleet re-equipment, the Government's economic policy, insisting as it does on harsh cash limits in the public sector, may put severe strains on Portugal's shipbuilding sector as it struggles to survive.

Aggressive

A question mark also hangs over the future of Setenave's shiprepairing neighbour Lisnave. The uncertain international political climate following the Soviet invasion of Afghanistan, the continuing increases in oil prices, and the prospect that both domestic and international inflationary pressures will also grow in the coming months has meant that one of Portugal's most aggressive and competitive companies—accounting for 5 per cent of Portugal's total export earnings—has decided not to make any forecast for development in 1980 and has opted instead for a policy of "consolidatiton and restraint until such time as the future becomes clearer."

Nevertheless, Lisnave officials admit privately that prospects are better now than they were 12 months ago when the company recorded doubled losses of Es 564m compared to 1977. Results for 1979 show that Lisnave has gone into the black for the first time since the sector was doubly hit by the oil crisis and the revolutionary turmoil. It made a net profit of Es 17.4m and recorded a 51 per cent increase in sales to Es 6.9bn.

Throughout last year an impressive total of 379 ships docked at Lisnave's two main yards, compared to 333 in 1978, and the increase in tonnage terms was even greater.

But Lisnave's improved finances have been largely brought about by an important restructuring scheme which involved the closing down of the company's loss-making shipbuilding yard, an extensive retraining scheme and a reduction in the company's 10,000-strong labour force by 1,200 people through an early retirement scheme.

At the same time Lisnave increased its capital from Es 500m to Es 2bn, and increased its prices by an average of 25 per cent. The company's position has also been helped by the absence of strikes last year.

Meanwhile Lisnave has been helped to weather the world recession by its continuing advantageous location for tankers on the way back from the Middle East and by a significant diversification of its activities.

One major spin-off has been Lisnave's specialised design and construction division, which in the past two years has led to the signing of an Es 2.6m contract for the design, construction, supervision and management and technical training of the Arab Shipbuilding and Repair Yard (ASRY) in Bahrain.

Lisnave has received an initial letter of intent from the Government of Cape Verde for a similar project and is taking a close look at other possible contracts in South America, Africa, and the Far East. But although subsidiary activities employ an estimated fifth of Lisnave's total workforce and make a significant contribution to the company's turnover, recovery still depends on a substantial pick-up in the yard's shiprepairing business.

Officials are preparing to increase prices again and admit that a further reduction in the work force is a possibility in the future. However, an awareness that over-pricing may backfire on Lisnave's competitiveness in what is a highly cutthroat business and that current labour legislation still keeps tabs on redundancies caution against exaggerated optimism.

Jimmy Burns

The Lisnave repair yard: an uncertain future

Oil price rises hinder petrochemicals plan

PORTUGAL'S petrochemical industry was conceived just before the dramatic changes in oil pricing in the early 1970s and at a moment when the success of Italian petrochemicals was much in mind.

Thus it was decided to proceed wtih the construction of a large comprehensive complex at Sines, in Southern Portugal, designed to provide the basic feedstock for the industry and to leave a sizeable proportion of production available for export.

Unfortunately, by the time the decision came to be implemented oil prices had both raised the cost of raw materials and exposed international overcapacity. As a result the history of Portugal's infant petrochemical industry has hinged on the unwillingness and the ability of successive governments to accommodate Sines.

No government has really dared cancel Sines despite there being hints on several occasions that the project might be scrapped. Certainly in the past three years the guiding philosophy has been that it is best to make the most of the project.

By postponing the construction of some units, the Government has sought to lessen the financial burden. But in general terms the project is being justified on two grounds: first that it will assist the balance of payments through import substitution and secondly that it will simulate the development of a plastics, rubber and fibre industry. In other words, the justification is not necessarily a financial one but more economic and social.

At present the base unit, a naphtha steam cracker, is at an advanced stage of construction. Work began in 1976 and the cracker, capable of producing 300,000 tons of ethylene, is due to come on stream within the next few months, while a 41,000 tone butadiene unit should be operational later in the year.

In both cases there is likely to be no more than nine months' delay on the original start-up schedule. The overall project is managed and owned by the national petrochemical company, CMP. The philosophy has been for CNP to assume responsibility for the building blocks of the industry—plus the infrastructure. Thus it is investing $450m in the current phase. Of this $80m is asborbed by a power station, capable of supplying the entire complex as conceived in the original project. A further $160m accounts for infrastructure work including the construction of a new port.

More downstream, CNP has sought to involve international partners both to ensure access to international markets and to ensure good technology. For these reasons CNP is teamed up on a 72/28 basis with France's CDF Chimie, building a $200m polymers plant. This investment is via a company called EPSI, Empresa de Polimeros de Sines. It will consist of three units producing high-density polyethylene, low-density polyethylene and polypropylene, relying on the feedstock from the steam cracker.

These units are also due on stream later in the year. CNP reckons that initially there will be about 90,000 tons of ethylene available for export. Of the EPSI products there will be about 83,000 tons of polyethylenes available for export, or just under 50 per cent of initial planned production and a further 18,000 tons or one-third of polypropylene. It appears that a major part of the surplus propylene, 75,000 tons, will be bought up by the state petroleum concern, Petrogal.

As for EPSI, that part of production which cannot be absorbed locally will be marketed through CDF Chimie's network abroad. The difficulty of finding outlets for surplus production has been a major element in delaying the go-ahead on another part of the complex—a $137m chlorated compounds line. However, negotiations are almost complete on the establishment of a cross partnership with the privately-owned Spanish group, Emergia e Industrias Aragonesas, that has facilities close by on Spanish soil at Huelva.

Advantages

Under this arrangement the shortfall in chlorine will be made up by the Huelva plant which has a surplus, while Aragonesas will buy in some of CNP's soda and salt production. To carry this out two separate companies will be formed on a 72/28 basis, being respectively Portuguese and Spanish.

The deal has advantages for both sides. For CNP it saves the need either to buy in chlorine or to build a new plant at Sines. While for Aragonesas it provides a much-needed outlet and will make use of a deep-sea vessel it owns which could exploit the short sea distance between the two plants. Eventually the two groups could co-ordinate much more closely, and this indeed is envisaged.

CNP also hopes to proceed, at a future date, with a polystyrene line which would cost another $162m. Again here the delay has been caused by the slim domestic market and the difficulties of launching into an export-orientated venture at this stage.

The extent of the domestic market is hard to gauge. Chemicals and petrochemical imports are running at more than $500m a year. CNP estimates that a quarter of these products are in lines that Sines will produce. Some average a good future for the small and medium-sized companies in the plastics field that the present government is pledged to stimulate. There is also hope that the expansion of the automotive industry, mainly by Renault, will provide a spin-off in the petrochemicals sector.

Robert Graham

Textiles boost export earnings

A KEY element in the growth of Portuguese exports has been the performance of Portuguese textiles.

Portugal's textile industry accounts for over 30 per cent of the country's total export earnings. More than 50 per cent of the industry's total output is exported and last year, Portuguese textiles exports amounted to 162,185 tonnes valued at Es. 49.1bn (£450.4m).

Just over three years ago the Portuguese textile industry was in virtual disarray. The sector employs some 300,000 people or 10 per cent of the population, but following the 1974 Revolution it was severely hit by Portugal's economic and political turmoil.

The Portuguese decolonisation of Africa in 1975 and 1976 and the subsequent disruption of trade links between the former colonies and the mainland also negatively affected Portuguese textiles. Portuguese industry developed with its empire and nowhere was this more highlighted than in the textile sector. Cotton from the colonies was processed in Portugal and sent back to Africa as finished products.

Some textile producers have yet to climb back to the production levels of the early 70s, but generally the industry has shown a remarkable recovery. The industry's optimism offers a striking contrast to the doldrums emanating from the textile producers of Northern Europe.

Th competitivenes of Portuguese textiles (amply underlined by the enthusiasm of Northern European buyers at Portugal's annual textile fair) stem largely from low wage costs which remain about a quarter of equivalent salaries elsewhere in Europe. The Portuguese also emphasise that theirs is a high quality and skilled industry, the largest and longest established of the emerging Mediterranean textile suppliers.

The prospect of Portugal's EEC membership offers the prospect of an even brighter future for the country's bigger and better organised textile groups. The Community already absorbs over 50 per cent of Portugal's textile exports and the rhythm would have been increased had individual member States not imposed limitations to protect their own industries.

Little doubt

The Portuguese appear to have little doubt that all restraints will be lifted once they have joined the EEC and insist that this will benefit all sides.

Their view is that it will make more sense for the Community to rely on Portugal to supply it than to preserve parts of the industry that are no longer viable elsewhere in the Community. Portugal is much closer to the main markets of the EEC than the Far Eastern suppliers and is strong in labour intensive areas such as making up.

Nevertheless, Portugal's textile producers are aware that to a certain extent theirs is an artificial situation—they are protected by high tariffs and stimulated by Government export incentves such as low interest rates—and there is a need to rationalise and restructure to face the impact of EEC membership and the increased competition which that entails.

Industry officials believe that the future of the sector lies in quality rather an quantity—that many of the smaller and archaic companies (more than 2,000 companies have fewer than 50 employees and only 3 per cent employ more than 500) will have either to disappear or allow themselves to be amalgamated into bigger groupings.

A trend which is already under way is the co-operation of Portuguese textile producers with foreign groups in joint ventures. Demand for polyster staple, used in blends with cotton and wool, is very largely met by the Finicisa plant at Portalegre, a joint venture between Fino, the Portuguese textile group, and ICI. Acrylic is produced in Portugal by Fisipe, jointly owned by Fabril, the Portuguese textile group and the Mitsubishi group of Japan.

The advantages of joint ventures are those of higher technology and wider international outlets. The pattern is expected to be further stimulated as the Portuguese economy is increasingly liberalised and the country's textile producers are given greater access to investment capital.

Significantly, one of the major investment companies currently being formed is based in the north of Portugal and includes a number of textile producers.

Jimmy Burns

Victory in sight as the three leaders of the Democratic Alliance, Freitas do Amaral (left), Francisco Sa Carneiro and Ribeiro Telles (right) address a campaign rally in Lisbon before last December's election

Many advantages to cars agreement

PORTUGAL'S WISH to have its under-developed industry fully integrated into the European productive structure has been nowhere better highlighted than in the automobile sector.

It was brought into sharp focus earlier this year when the Government signed an Es 30bn expansion programme with Renault, the French car manufacturers. The project is the largest foreign investment ever in Portugal, and the biggest industrial project to have been approved in the country since the 1974 revolution. It underlines the potential importance of Portugal in the European motor scene of the 1980s.

The main elements of the agreement are:

- Renault to step up its assembly of R4, R5 and R12 models from 10,000 units a year to 80,000 by 1987 at a reconverted plant in Setubal, near Lisbon.
- Production of engines for the R5 to be stepped up to include the manufacture of 22,000 units by 1987 at a reconverted plant in Cacia, near Oporto. The plant will also produce gearboxes and rear axles.
- Building of a new foundry and the reconversion of Renault's assembly plant in Guarda to implement the manufacture of engines and parts.

The advantages to Portuguese industry of the Renault deal are considerable. Local participation in manufacturing at the assembly plant will be increased from 20 per cent to 60 per cent and there will be an 80 per cent local content in engine production. The project thus envisages the creation of an estimated 13,000 new jobs, 7,000 of them in subsidiary industries. At the same time a large part of the expansion programme will be geared to exports—65 per cent of engine output will go overseas. Assembled cars will be mainly pitched at the domestic market, though industry officials are hopeful that Renault will integrate production with its European operations, particularly in Spain.

The project is impressive when set alongside Renaults' previous operations and the state of the Portuguese motor industry as a whole.

In 1978, the last year for which full figures are available, Renault imported 7,140 completely knocked-down (CKD) units and 27 completely built up (CBU) units. Its 10,000 units assembled at its plant in Guarda employed only 400 workers. The industry as a whole has been composed of 20 assembly plants, many so small and archaic as to be totally uncompetitive on a European scale. The survival of the industry throughout the 1960s was due largely to government protection.

Under the terms of a free trade agreement signed between Portugal and the EEC in 1972 this protection was due to expire at the beginning of this year. Recognition by both the Portuguese Government and Brussels, however, that a total lifting of the quota system on CKD and CBU units would have flooded the Portuguese market and disrupted the industry as a whole led to an important renegotiation.

Quota system

A new agreement was signed last November against the background of new Government legislation for the sector. This extends the quota system beyond the deadline and will have it phased out only gradually between now and 1985. Industry officials hope that this transitional period will allow the automotive sector to restructure itself adequately as Portuguese industry prepares itself for EEC membership.

By giving preferential quotas to major investments, the law will stimulate the phasing out of about a dozen unprofitable assembly plants and strengthen those which can ensure Portugal's access to new technology and markets, and increase employment as a whole.

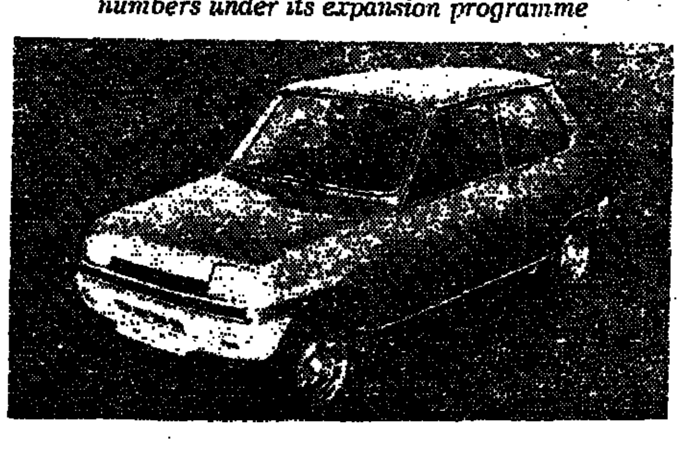
Renault, following this year's agreement, is now virtually assured of a large chunk of the domestic market, although domestic car sales dropped by a dramatic 40 per cent in 1978 on account of the IMF stabilisation programme, and growth virtually stagnated last year, industry officially are hoping for a pick up. The Renault agreement is based on the overall projection that domestic sales will increase from 45,000 to 60,000 by 1984, and on the assumption that the company's own share of the market will increase from 10 per cent to 30 per cent by 1987.

Renault's immediate rivals in Portugal have expressed fears about the implications of what in effect will amount to a virtual monopoly of a fairly restricted domestic market. Nevertheless they appear still to look on Portugal as a potentially good base for their international operations. A major factor in this view is that the country still has the lowest labour costs in Europe; a Portuguese car worker earns about a fourth of his counterpart in Northern Europe.

Ford Europe has been negotiating throughout the year with Portuguese officials over the possibility of setting up a $1bn export-orientated assembly plant. Discussions have centred on the development of a site at the industrial complex of Sines. General Motors has also looked into the possibility of extending its operations in Portugal in the wake of last year's $2bn investment in Spain and Austria. GM believes that the proximity of the Spanish Saragossa assembly plant is a favourable factor in the possible Portuguese siting of a new components unit. On all accounts the Portuguese automotive industry promises to be among the more active sectors of industry in the 1980s.

Jimmy Burns

The Renault 12 (above) and Renault 5 (below), two models the company will make in greater numbers under its expansion programme



Radical policy changes on the way

SUGGESTIONS THAT the building society interest rate cartel could, *in its present shape, be coming to the end of* its useful life, foreshadow an impending revolution which promises to affect millions of house buyers and investors.

Last week's comments by Mr. Leonard Williams, chairman of the Building Societies Association, reminded the public that the societies are actively considering a package of radical policy changes. At its heart is a determination to pay fully competitive interest rates in the savings market which, in return *should attract sufficient funds* to eliminate the mortgage queue.

The price to pay in return for readily available home loan finance will generally be more *expensive mortgages.* As Mr. Williams pointed out, basic mortgage interest rates of *around 18 or 19 per cent would* now be in force if the societies had already implemented the *proposals being considered.*

This new approach is unlikely to be hurried and, as yet, not all those in the building society movement are convinced of its need. But as most *of its leading figures are press*ing for reforms which they believe are vital to secure the *industry's dominance in the* private housing finance market up until the end of this century, *changes look inevitable.* The growing penetration of the banks into parts of the mortgage market—a reaction to the societies' inability to meet demand—has provided a pointer to what could happen if no action is taken.

The cartel, so-called even though it merely recommends rather than fixes interest rates, could be high on the list for an overhaul. The societies have always claimed that the mechanism—operated by the Building Societies Association Council—has helped contain the cost of home loans. But opponents of the cartel argue that it has proved unresponsive *to interest rate changes in the* economy and created unnecessary and harmful surpluses and *shortages of funds.*

The impact *of the cartel has* in any case recently been diminished, with societies offer*ing and charging a widening* range of terms on investments and loans. And it will certainly *be harder* for the industry to justify and maintain its role if the policy changes now being examined take effect.

According to Mr. Williams, a new era of competition could soon see the association confin*ing its recommendations* to the ordinary share rate, which offers little scope for major societies *to be out of line,* and yet provides a useful base for other rates. There would, however, be *room for innovation* in peripheral schemes and mortgage rates would be free to find their *competitive level.*

Other changes would also be necessary if the societies had *to keep pace with interest rates* which have become increasingly volatile. The chances are that *they would have to disen*gage investment rates from lending rates, moving the former *at short notice in line* with the market but realigning the mortgage rate at less regular intervals.

Damaging

The practice could prove costly to the societies at times, though big fluctuations in the home loan rate are generally considered to have been as damaging to the home buyer as periods of expensive finance and the societies hope that such instability can now be removed.

The current struggle by building societies to minimise the unwelcome effect of record interest rates on their activities reinforces the case for a new approach.

The problems which the societies face now are not new but there is a growing feeling that the time *is right for a fresh* strategy. Present difficulties represent a classic, if extreme, *example of the recurring crises* which societies have had to face and which they now want to put permanently behind them.

The societies' ability to attract funds for mortgage lending *is dictated by the* interest rates they offer in the savings market. But their efforts to become fully competitive have always been curtailed by the self-imposed aim to contain mortgage costs *within reasonable limits.*

As a result, the industry has almost always been unable to match prevailing mortgage demand with funds, a weakness which is emphasised by the present level of interest rates in the economy.

The societies could, in several respects, claim to have become the victims of their own good intentions. Investors and hopeful borrowers might also be included in the casualty list.

Society leaders are well aware that in many other countries it is usual for rates for depositors to stand above competing long-term rates of interest, a trend which generally ensures enough finance to enable loans to be obtained on demand.

It is doubtful whether the societies could have entirely avoided the current shortage of funds because of the limited room for manoeuvre imposed by record interest rates. Mortgage queues could, however, be much shorter.

As things stand, the societies seem set to continue suffering from another of those periodic setbacks in lending which spoil an impressive record of post-war achievement. In 1979, they managed to advance around £8.8bn to *715,000 borrowers, a fall of 87,000 on* 1978.

Banks are encroaching more into parts of the mortgage market.

This year, however, the latest *predictions suggest that the* number of loans could fall to 650,000, making it the worst *year since 1975.* At best, the societies could repeat the 1979 performance. The figures make even *more disappointing* reading when set against projections of the actual level *of mortgage demand for the* current 12 months, much of which seems bound to go unsatisfied.

Although demand may subsequently be affected by a wide range of factors, such as interest rate changes or house price fluctuations, it seems possible that as many as 810,000 building society mortgages could be required *in 1980* alone. Such a lending programme would imply advances of around £11.35bn and this could be pushed even higher if the societies help to finance council house sales.

Looking *further ahead,* some *analysts suggest that by 1985,* the societies could be expected to provide as many as 940,000 *home loans a year, requiring* advances of around £20bn. Without major policy changes the *task is seen as impossible.*

With this prospect, the societies have examined the *alternatives and concluded that* the main answer to hte problems of the next decade or more lies within their traditional marketplace, the personal savings sector.

There have been suggestions that societies cannot hope to generate sufficient funds from the personal sector to meet the challenge, with just over 20m adult investors (about half the adult population) already holding society accounts and with many people unable to contemplate saving.

Calls, therefore, for the societies to tap money from alternative sources, such as pension funds and insurance companies, *have become fashion*able and the idea is unquestionably politically attractive whenever mortgage queues make the headlines.

At the end of 1979, the Government's concern over the *deteriorating mortgage situation* led to the setting up of an inquiry with the major institutions and the societies to examine ways of overcoming the problem. By then, the societies had almost completed their own appraisal of the situation.

The conclusions of the *Government's own inquiry—yet* to be publicly disclosed—have not, however, provided grounds *for believing that the answer* lies in the City. Like the societies themselves, the City institutions concluded that attempts by the home loans industry to secure institutional money to supplement funds from the personal savings market would prove complicated, unnecessarily expensive and would have strictly limited success.

*The feeling is that, to com*pete successfully in this area, the terms on which such finance *could be raised would be a far* less attractive alternative than raising an adequate volume of *money direct from the personal* investor.

As important, the institutions themselves have made it clear that they are unlikely to be eager to help out. They are not keen on the concept of direct loans to building societies and prefer to think in terms of marketable securities, offering gilt-like liquidity and yields.

So, in the face of considerable building society doubts and a lack of institutional interest, the industry *is looking towards its* traditional sources of finance. Most societies in any case believe that the personal savings sector does have a great deal of money-raising mileage left *in it* and emphasise that not all the funds required are obtained by attracting savings out of income.

With mortgage repayments, interest credited to investors' accounts and a *significant pro*portion of receipts attracted from people who are selling homes and not seeking a further mortgage, the societies are self-financing to the extent of two-thirds of their lending *activity.*

The task of attracting the outstanding volume of funds required from the public is not regarded as impossible. Many societies believe they are quite capable of pushing up the pro*portion of* the adult population with some form of savings account from 50 to at *least 60 per cent* and that much can be done to extract larger sums from *many investors. In particular,* the societies are aware that, while they have become the *natural home for small liquid* savings, people look elsewhere to invest larger capital sums.

Cornerstone

A leading candidate for greater development will, therefore, be terms shares, which in six years have grown from nothing to account for about £6bn of investments. A more *radical development, which is* now being scrutinised by the societies, would be the introduc*tion of marketable term shares* or large denomination certificates of deposit.

But while the potential for these adjuncts to a new competitive interest rate policy may *remain in doubt, it seems the* societies are now merely waiting for the appropriate moment *to put the cornerstone of their* competitive policy to the test.

Recent events have certainly *encouraged the societies to* believe that the prospect of "realistic" interest rates will prove acceptable to the general public. Certainly, there would be no complaints from investing customers and, despite the cost of mortgage finance, mortgage demand is again running strongly *in most parts of the* country.

Surprisingly, as many first-timers as ever remain in the queue and societies claim they appear quite undaunted by the comparatively high costs involved.

But if the new policy is given the go-ahead at the building societies' annual conference in May, the biggest challenge to its *implementation might lie, in* gaining the approval of the politicians.

The interest of MPs in home loans *has almost always been* confined to the holding down of mortgage costs rather than ensuring that funds *remain plenti*ful. The societies will be making their biggest effort to prove that the two are no longer compatible.

The test will come when interest rates in the economy *begin to fall and societies, by* sitting still, attempt to establish a situation in which they *create a permanent interest* rate differential over their competitors.

The pressure for societies to follow the market down will be immense and can be expected *from all sides. Mrs. Thatcher's* own close association with the desire for cheap home loans *and her repeated pledges to* help the house buyers mean that she will expect the earliest *possible cut in interest rates.*

Though the societies are technically free to make what*ever decision they feel is best,* they have in the past not had a reputation for fearless inde*pendence when it comes to such* matters as interest rates. Their task will be to convince the *Prime Minister and others that* the new strategy could, despite some short-term unpopularity, do more to enhance the spread of home ownership than anything she and her colleagues could propose.

Letters to the Editor

Attitudes to unions

From the General Secretary, International Metalworkers' Federation

Sir,—I am not British but I have held trade union office for 40 years and your editorial (March 20) on the weakness of the unions seems to me to have got it woefully wrong.

You ignore two key issues in your analysis of why British *union officials* find themselves at odds with their rank and file. In the period 1969-1974, and since May 1979 British unions had to adopt defensive measures to protect themselves from political interference aimed at severely weakening their position in society.

The only way any union, in any country can protect itself against direct political onslaught from a Mr. Heath or a Mr. Prior is by mass rank and file action. And the rank and file once thus raised becomes more difficult to please.

In the period after 1974 when there were moves to introduce industrial democracy—measures that would have resulted in a greater sense of partnership in British industry — these were fiercely opposed by employers and other conservative elements in your society.

The result again has been to weaken the authority of the unions since anyone left in the *cold outside* the rooms where real decisions are taken is less likely to accept responsibility for persuading the membership that caution should prevail in this or that aspect of future collective *bargaining in order* to protect the future economic health of the enterprise, industry, *region or country.*

In short, an action programme from politicians and *employers that has preferred* confrontation to co-operation, curbing so-called union power *(I am sure that Mr. Jackson of* the Postal Workers must have a wry smile on his face as he *reads about* how powerful union general secretaries are meant to be) instead of sharing the real power exercised by management has produced the response from the union *membership* that you find so perplexing.

Sadly it would appear in 1980 that Mrs. Thatcher's Government and the CBI have learnt nothing, nor have they forgotten much.

Herman Rebhan.
International Metalworkers' Federation,
Route des Acacias 54 bis,
Case postale 325,
CH-1227, Geneva.

Non-productive customs

From Mr. J. Holland

Sir,—Once more we are told that more Inland Revenue and Customs and Excise staff are needed to combat the evasion which is stated, without proof, to be taking place.

Do we? What about the 6,000 or so people already employed by Customs and Excise on totally non-productive work.

Each time goods or services are sold by one registered business to another the VAT is charged *and accounted for by* ... is simultaneously reclaimed by his customer. Obviously the net yield is nil, just as it would be if no tax was charged on the transaction in the first place.

The cost to industry and *commerce of recording, remit*ting, returning and reclaiming the VAT on these transactions *has been estimated at more* than £1.25bn a year. The annual cost to the taxpayer of *the wastage involved is over* £200m.

Is it not strange that at a *time like this 6,000* civil servants should continue to be paid to waste their time and our *money? Not really. The Govern*ment is not aware of what is happening.

The main reason is that Customs and Excise has used the reputation for impartiality *and integrity earned* by the civil service in the past to hide the truth by every means in its power. *It knows what is* happening, it has known for four years, yet still it insists, *and is believed, that it is* miraculously producing revenue from transactions which *obviously yield none.*

Why is this believed? Such is the power of the Establish*ment and such is the lack of* genuine desire by the media to serve the public interest that *no one has yet been persuaded* to examine and publish the proof of the cover-up which has taken place. It will almost certainly happen again.

J. C. Holland
29/31, Moorland Road,
Burslem,
Stoke-on-Trent

Casinos in the provinces

From Mr. R. Fraser

Sir,—In your issue of March 15 you carried a report on the redundancies at Ladbroke *casinos* and *an article on* the troubles in London casinos. In the UK there is a body of *expertise on the establishment,* administration and day-to-day operation of casinos which did *not exist 20 years ago, and it is* always a pity when specialist skills are allowed to wither.

When the chairman of the Gaming Board says "We want more powers" we can assume that *experience has shown the* Gaming Board the full range of constraints which are necessary to make casino operations properly controllable within the framework of the law.

Whether we like it or not *casinos have become a part of* the infrastructure of tourism which is one of our most import*ant service industries. It will be* wasteful if the accumulated experience cannot be applied more widely for the benefit of the community. No one would blame the Home Secretary or the Secretary of State for Trade *for thinking that* casinos had caused enough trouble already without compounding the problems.

Some of the spas on the Continent which have survived to regain their prosperity as centres *for relaxation* and recuperation are the homes of provincial casinos. Doubtless other factors played *a* part but *the superficial* comparison is encouraging. There are British spas in areas which have little *chance of* attracting manufacturing industries and whose main hope is attracting service *industries.*

The British Tourist Authority, among others, has worked for years on *the problem* of rejuvenating resorts. A detailed study of three spa towns was produced *for* European Heritage Year which showed that these towns have fine but underused *buildings in the ownership of* the municipality. In some cases the assembly rooms, pump *rooms, etc., are of architectural* merit but in danger of decay. Despite extensive work no solu*tion could be found* because there is no means of attracting private capital. The municipal *casino might be seen as a device* for stimulating further investment.

Many problems stand in the way of a solution, not least of which would be finding trustees to act *as a local board* with delegated powers from the Gaming Board and a duty to *hold 100 per cent of the equity* on behalf of the local authority, but surely some time can be *found to tackle the problem* before all the babies go out with the bathwater and the pump *rooms fall down.*

Roderick W. B. Fraser.
15, Westbourne Terrace,
W.2.

No painless operation

From Mr. J. Hobbs.

Sir,—In all fairness, it should be pointed out that the present *Government is not responsible* for the inflation which is the cumulative result of previous *Governments' actions.* Even *as* a surgical case cannot expect to have a painless operation and play *football the next day,* so the country will have to suffer the financial knife (if the Government *wields it) if it* wants to be well in a couple of years' time.

John H. Hobbs.
26 Boulevard des Moulins,
MC Monte-Carlo.

Shorthold tenancies

From Mr. H. Darling.

Sir, — I was saddened to see (March 19) Gerald Kaufman pledging that a future Labour Government would repeal the shorthold tenancy provisions in the Housing Bill. I presume he wants to help tenants. If so, what help is it to give security of tenure to a tenant if the tenant cannot find a place to rent?

A constructive debate about rented *housing must recognise* three distinct market sectors: permanent unfurnished homes provided on a *subsidised basis* by non-commercial entities (local authorities, housing associations, etc); permanent unfurnished homes provided on a commercial basis by commercial concerns. This is a fast-dying *sector for* well-known reasons; and temporary furnished homes — this being the sector where *shorthold tenancies are needed.*

The administration required for short leases of furnished homes makes it a practical possibility *only* for the small landlord, typically an individual who is prepared to do a lot of the work *himself and not cost* in his time. The 1974 Rent Act has meant he can only let without giving security of *tenure* in very restricted circumstances, holiday letting and the resident landlord's exemption *being the* main ones. A property that is let with security of tenure is worth roughly half its value vacant. So no private landlord can afford to create a new tenancy and give away security. *The result of* the 1974 Rent Act was obvious. The stock of temporary furnished homes to rent has dwindled dramatically.

The Tory proposal to introduce shorthold tenancies is a belated attempt to reverse this trend. I know from personal experience as a small-time landlord that there is a desperate shortage of temporary furnished homes. What tenants want (I have asked them; has Mr. Kaufman?) is a ready supply of properties at reasonable rents. This will only happen if landlords are given a commercially sensible deal.

Can Mr. Kaufman explain how he would provide an adequate supply of temporary *furnished* homes to rent?

H. N. Darling.
80, Waldemar Avenue, SW6.

Private rented housing

From the Press Officer, Small Landlords Association

Sir, — Labour's *promise* (March 19) to repeal the proposed shorthold tenures and give the tenants indefinite security is not so much a promise as a threat.

The myths and distortions about the private landlord can now be seen in true perspective. *It is not relaxing control* that causes an acceleration in the decline of the private rented *sector. It is the constant threats* of the Labour Party to re-impose control on the private *landlord. It did it in 1965* and 1974. Now it is threatening to do it again.

Labour's policy is to utilise the impossible conditions and prices imposed by the Rent Acts *to drive the private* landlord out of existence and take over his property on expropriation *terms. So much for* the compassionate and caring Labour Party; so much for using the *housing stock to* the best advantage in the national interest; so much for the interests of *would-be tenants* unable to find accommodation. The national interest, the interests of would-be *tenants* and the fate of the private landlord are being determined by a farcical, *postured,* ding-dong of politics.

The time has come for rational analysis based on the *realities* and practicalities of meeting the demand for rented accommodation.

G. F. Cutting.
c/o 7, Rosedene Avenue,
Streatham, SW16.

Inventory control

From Mr. P. Oldfield.

Sir,—I read with interest the letter from Mr. L. K. Tune (March 18) in which he propounds the necessity and *benefits of* professional and effective purchasing functions—how right he is.

I *would say, however, that* effective purchasing is one part only of a practice and skill which is much underrated in the UK, but which is a vital sector of any company's performance and profitability, and *this is inventory management.*

The financing necessary for procurement, the cost of stock held, *the overhead costs of* handling and storage are all points which are often extolled in a superficial way. But how many companies, manufacturing or service really pay more than a *lip-service* to the management of inventory?

How many companies understand the many departments and functions who input to inventory—and who can effectively influence inventory in an effective and profitable manner?

In a typical manufacturing environment everyone from the design office, through the production and commercial functions to the core of manufacturing itself is involved in inventory in one way or another—from specifying material, ordering material, handling material and using material in the *manufacturing process,* the common denominator is always material—or inventory.

Admittedly, inventory is a secondary consideration to, for example, an engineer's prime function of engineering, yet it is a vital and integral part of any function, and the status and *importance of inventory* management should be treated with the same degree of necessity as, say, *production managment.*

It is common practice to have full functional involvement and *representation in production* management within UK industry, but how many companies *have full involvement,* understanding and commitment to the management of inventory?

The steel strike has served to demonstrate by its lack of impact on companies that most industrial users are sitting on material excesses.

A way for improved profitability for UK industry in the 1980s must be to increase the effectiveness of inventory control. This isn't difficult—"throw away" the stores and create a "parts bank," and the concept and philosophy can be developed.

P. Oldfield.
(Materials Manager),
Ingersoll Rand Co., Ltd.,
Southmoor Road,
Wythenshawe, Manchester.

Encourage the entrepreneur

From Dr. G. Ray.

Sir,—Mrs. Thatcher's recent reception for entrepreneurs and *subsequent discussion has* demonstrated some confusion on this subject. There seems to be a tendency among contributors to identify entrepreneurship with small firms and a lack of this quality with mature large firms.

Yet it is quite clear from the Bolton committee of inquiry that many small firms value independence above all and consequently deliberately avoid *risks if that independence is* threatened. The exception is the entrepreneur in the small *rapid growth firm and it is in* this type of enterprise that we have some prospect of increasing employment, and not in *small firms* generally. Research, recently completed for the Social Science Research Council, shows that the financing and financial control characteristics of small rapid growth firms are quite different *to those of non-growth small* firms. In dealing with unemployment we should be concentrating more attention and resources on how to identify, develop and encourage the entrepreneur in rapid *growth* firms at a very early stage in their growth and also on how to develop entrepreneurial cells in large *firms.*

(Dr.) Graham H. Ray,
(Senior Lecturer in Finance and Accounting),
University of Bath,
Claverton Down, Bath.

Today's Events

GENERAL

UK: Enthronement of the Archbishop of Canterbury.

Speakers at Institute of Directors' convention in London on "Prosperity or Poverty?—the Last Chance for Choice" include *Mr. John Nott, Trade Secretary,* Sheikh Yamani, Saudi Arabian Petroleum Minister, and Mr. Kingman Brewster, U.S. Ambassador.

General secretaries of nine *Civil Service unions discuss pay* negotiations.

Overseas: European Parliament *in special session,* Strasbourg.

PARLIAMENTARY BUSINESS

House of Commons: Transport Bill, *remaining stages.* National Heritage Bill, consideration of Lords amendments. Motion on HMSO Trading Fund Order.

Select Committee: Transport. Subject: European Commission's Green Paper on transport infrastructure. Witnesses: Department of Transport. Room 6, 4 pm.

OFFICIAL STATISTICS

Unemployment (March—provisional). Unfilled vacancies (March—provisional). Bricks and cement production (February).

COMPANY MEETINGS

Ashdown Inv. Tst., 120 Cheapside, EC, 3. Glass Glover, Connaught Rooms, Gt. Queen St., WC, 12. J. and H. B. Jackson, *Hotel Leofric,* Coventry, 3. Lincroft and Kilgour, 116 Pall Mall, SW, 12.30. Meggitt, East Cliff Court Hotel, Bournemouth, 12.30. Meldrum Inv. Tst., 2 St. Mary Axe, EC, 11.30. Pleasurama, Churchbill Hotel, Portman Square, W, 12. Updown Inv. Tst., *12 Tokenhouse Yard, EC, 12.30.* Vantage Secs., 7 Lincoln's Inn Fields, WC, 12.15. Whitworth and Mitchell Textorial, 61 Southgate Street, Leicester, 12. Wrexham and East Denbighshire Water, 20 High Street, Wrexham, 2.

Wm. Collins £0.3m loss —no dividend for year

A SECOND-HALF profits, albeit much lower at £573,000 against £2.11m at William Collins and Sons, was not enough to offset the setback in the first six months, and for the whole of 1979 the group incurred a pre-tax loss of £255,000 compared with a £3.35m profit.

No dividend is being paid for the period, against 5.18p net previously.

Trading conditions continue to be difficult, the directors state, but they are confident the action taken to reduce costs, eliminate losses and to bring inventory under tighter control, has put the group in a position to achieve improved results in 1980.

Pre-tax loss included an exceptional credit of £48,000 — exceptional gains of £3.16m, from the sale and leaseback of freehold properties, were almost entirely offset by exceptional costs for the year of £3.12m.

These included £1.48m redundancy costs—some 550 jobs were lost; £639,000 in closing the non-profitable UK publishing activities and the discontinuation of certain Australian agencies. And they included £1m provision against anticipated cost of closing the loss-making U.S. subsidiary in 1980, following the sale of the dictionary, Bible and children's publishing divisions of that company.

	1979 £000	1978 £000
Turnover	65,098	60,631
Profit	3,233	5,935
Depreciation	1,218	1,129
Interest paid	2,557	1,862
Associates' share	239	401
Exceptional credit	48	—
Loss before tax	255	*3,345
Tax credit	225	†575
Making loss	30	*2,770
Dividends	—	715
Retained loss	30	*2,055

* Profit. † Charge.

Loss per 25p share is given as 0.2p against earnings of 20.1p.

Group borrowings were contained during the year, only slightly above that of 1978, but by the year-end were down £1.8m at £14.6m.

The directors say that 1979 was an exceptionally difficult year for the book industry. All the UK publishing divisions were affected with lower unit volumes, and high-stock write-offs.

Overseas companies, particularly Australia, were also affected resulting in a £1.1m deterioration of trading results, and exchange losses of £0.3m.

Reduced volume and high industry wage awards affected the manufacturing sector where there was an adverse movement of £1.1m.

See Lex

HIGHLIGHTS

On a fairly thin day for corporate news Lex casts an eye over a variety of statistics—the retail sales figures for February show a fairly buoyant trend and the national income and expenditure figures for 1979 are reviewed. On the companies' front William Collins' full year figures are still in the red although the second half saw a small pre-tax profit and the balance sheet has not deteriorated. Lex also looks at Paterson Zochonis where the Nigerian operation has made a good recovery which should allow the company to post profits ahead of last year. On the inside pages some impressive figures are released by Beazer and BCA is on line for another good profits rise. W. Canning has come through in the second half to leave the year ahead by 37 per cent pre-tax and Hawley Leisure produces profits of over £½m.

Paterson, Zochonis falls behind, but optimistic

A FALL in pre-tax profits from £9.43m to £8.93m is reported by Paterson, Zochonis and Co., for the half-year to November 30, 1979.

The lower profits of this merchant and toilet requisite manufacturer, are in line with the chairman's forecast at the year-end, but he says the recent indications confirm that the full-time results, subject to unforeseen circumstances, will certainly not be less than those of last year.

	First half 1979 £000	1978 £000
Third party sales	104,614	118,968
Trading profit	10,046	10,797
Depreciation	1,295	1,048
Interest payable	2,424	2,028
Investment income	853	565
Operating profit	7,180	8,286
Exchange loss	346	204
Associated profits	2,091	1,349
Profit before tax	8,925	9,431
Taxation	4,646	5,018
Minority	181	156
Attributable	4,098	4,257
Pref. dividends	148	148
Ordinary	569	522

Group sales to third parties were down from £118.97m to £104.61m and profit from trading was £10.05m against £10.79m. There was an exchange loss of £346,000 (£204,000). After tax lower at £4.65m (£5.02m), attributable profit was £4.09m (£4.26m).

The interim dividend is raised from 3.3p to 3.6p — last year's total was 9p from pre-tax profits of £16.79m. Stated earnings per 10p share are down from 25.98p to 24.98p.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
C. H. Beazer int.	2.2	May 19	1.9	—	5.6
W. Canning	2.25	—	2.25	3.98	3.9
Chambers and Fargus int.	0.25	May 23	0.25	—	0.75
Wm. Collins	Nil	—	3.1	Nil	5.18
Hawley Leisure	0.5	July 1	0.05	0.8	0.1
G. F. Lovell	5	May 23	Nil	8	2
A. and J. Mucklow int.	1.6	July 1	1.32	—	3.24
Paterson, Zochonis int.	3.6	May 9	3.3	—	9.0
Queens Moat Houses	0.38	May 15	0.27	0.75	0.52
H. and J. Quick	1.23	—	0.95	2.29	1.83
Scottish Cities Inv. int.	4	April 14	4	—	10
Wiggins Construct. int.	0.95	April 28	0.83	—	1.9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BCA climbs 40% to £1.1m midway

PRE-TAX PROFITS of British Car Auction Group improved by over 40 per cent from £785,000 to £1.12m in the six months to January 31, 1980. Gross proceeds from auctions climbed from £61.21m to £76.75m and commissions earned £3.29m against £2.62m. Other sales brought in £3.87m (£2.85m).

After expressing dissatisfaction with last year's results, Mr. D. A. Wickins, the chairman, says the figures for the first six months of this year reflect not only the natural growth and profitability of the group's main business, motor auctions, but also the growth and increasing profitability of other subsidiaries, especially Readygas, McAlisters Caravan Sales and Coin Machine Sales.

He says that, from present indications, he has reason to believe the results for the year will prove to be satisfactory.

The board proposes to reduce the imbalance between the interim and final dividends and anticipates that an interim of 1.25p (0.67p) will be declared in June, and payable on July 31. It is intended that the final dividend for the year, which it is hoped will be not less than 1.9p, will be paid on January 31, 1981, and these two dates will apply for the payment of future dividends.

After tax of £649,000 against £455,000 and minorities £45,000 (£30,000), profit attributable is £525,000 against £300,000.

● comment

The weather was kind to British Car Auctions last year and the group has capitalised on its good fortune with a 42 per cent increase in pre-tax profits. The car auction side, which accounted for some 55 per cent of profits, also benefited from firm prices for small cars and business remains good in the current half. Among the other operations, Coin Machine Sales made around £100,000 and Readygas made up for any slackness in the winter caravan market. Over the full year, the disposal of the catering and antique furniture companies will flatter the figures. Last year they lost £325,000, mostly in the second half. So long as the used car market holds up, BCA should make around £2.4m this year putting the shares, at 68p, on a multiple of around 8.8 times fully taxed earnings. A 2.2p final would produce a yield of 7.4 per cent.

H. Quick profits up 13%

DESPITE A second-half fall from £356,912 to £312,108, H. and J. Quick Group, finished 1979 with taxable profits 13 per cent ahead at £1.16m, compared with £1.03m.

The dividend is stepped up by 25.3 per cent to 2.29p (1.828p) with a net final of 1.23p.

Record sales of new Ford cars, vans and trucks delivered, resulted in a 40 per cent turnover increase to £77.23m (£55m).

Mr. Noarman Quick, chairman, says there is a continued strong demand for Ford products in the current year. Parts and service business is good, and apart from the general economic climate, he is confident the group is capable of taking advantage of any opportunities that arise.

Trading profit for the year rose by 39 per cent to £1.96m but interest charges more than doubled from £400,000 to £824,000.

Tax took £73,000 against £64,000 leaving a net profit of £1.09m (£962,000) giving earnings up by 12 per cent to 19.53p

Contractual problem still with Wiggins, but first half higher

A CONTINUED healthy demand for residential development has resulted in pre-tax profits of Wiggins Construct, the Essex contractor and developer of estates, increasing from £161,000 to £243,000 in the six months to September 30, 1979. Turnover was up from £12.32m to £15.71m.

The board says the results are before any provision which might be necessary relating to a major contract which has been running for some years and is not yet completed. Negotiations are under way with the client against whom a substantial claim has been made.

Losses on this contract for the period is about £600,000, but the board is confident that the final recovery under its claim will substantially exceed this figure. Accordingly, no provision is made.

The group's principal activity remains residential development and serviced land held ready for development has a value well in excess of cost. Contract building, the second major activity, has declined but is making a satisfactory contribution, except for the major contract referred to.

The motor garage section continues to trade very profitably, and the newly acquired Scandiavian Homes is making a significant contribution.

Tax charged during the first six months rose from £38,000 to £99,000 and minorities took £40,000 (£11,000).

The interim dividend is raised from 0.825p to 0.95p—last year's total was 1.9p from pre-tax profits of £533,000.

SPAIN

March 21	Price %	+ or −
Banco Bilbao	222	+2
Banco Central	246	−2
Banco Exterior	206	
Banco Hispano	217	−0.7
Banco Ind. Cat.	130	
Banco Madrid	154	
Banco Santander	264	
Banco Urquijo	154	−3
Banco Vizcaya	228	
Banco Zaragoza	201	
Dragados	100	
Espanola Zinc	61	
Fecsa	57.2	
Gal. Preciados	32	−1
Hidrola	64.5	+0.5
Iberduero	58.2	+0.2
Petroleos	106.5	+0.3
Petroliber	59	−4
Sogefisa	107	
Telefonica	54.2	+0.2
Union Elect.	63.5	+0.8

G. F. Lovell dividend quadrupled

ALTHOUGH THE year's taxable profits were down £10,000, G. F. Lovell and Company, confectionery maker, is quadrupling its total net dividend from 2p to 8p per share with a final of 5p. Stated earnings per 25p share dropped from 23.992p to 20.567p.

Pre-tax profits for the year ended October 31, 1979, were £338,000, compared with £348,000 previously which included a surplus of £56,000 made on the early repayment of a loan. The first-half result had risen by £6,000 to £124,000.

Turnover for the year moved ahead to £4.5m, against £4.16m, and after tax, up from £63,000 to £142,000, net surplus was £89,000 lower at £196,000.

Bleak outlook for Braime

While the order book at T. F. and J. H. Braime (Holdings) is in a healthy state, the immediate outlook is bleak having regard to the problems in the steel industry. "Much will depend on our ability to obtain supplies of raw materials in the coming months." Mr. J. L. Braime, chairman, tells shareholders.

Pre-tax profits for 1979 amounted to £316,721 compared with £357,937 on turnover of £3.24m against £2.79m. Earnings per share were stated as 13.39p (13.66p).

During the year capital employed increased from £1.48m to £1.67m. New plant was purchased to the value of £216,136. A short-term loan of £80,000 was withdrawn to help finance increased stocks of £162,462.

The policy over the years has been to spend considerable sums of money on plant replacement, but the chairman says it is becoming more difficult to generate internally sufficient cash to maintain this expenditure level. Nevertheless the programme of plant replacement will continue.

Principal activities of the group are the making of seamless drawn presswork and the distribution of oil cans and elevator buckets. Mrs. R. H. Braime holds 17.18 per cent of the ordinary capital and Mr. G. L. Braime, 15.73 per cent.

The company is "close." Meetings, Hunslet, Leeds, April 17 at 3.15 pm.

Kwahu well ahead at halfway

Profits before tax of the Kwahu Company increased sharply from £21,414 to £53,924 for the half year to December 31, 1979. However, the directors point out that this should not be taken as an indication that the second six months will show a similar advance.

Borrowings of this finance company have been reduced and net profits secured by realising a proportion of the portfolio, which is expected to lead to lower dividend receipts in the second half.

The first-half profit included increased dividends and interest received of £40,331 (£29,233) and profits on sales of investments of £36,957 (£13,684). Tax charge rose from £9,228 to £19,362.

In the last full year, a single net dividend of 1.84p per 10p share was paid from pre-tax profits of £107,634.

C. H. Beazer profits trebled to £1.58m at interim stage

INCLUDING SOME £700,000 profits from the sale of surplus assets, the taxable surplus of C. H. Beazer (Holdings) has trebled from £521,000 to £1.58m for the half year ended December 31, 1979.

In anticipation of generally more difficult conditions, the directors have taken the appropriate steps — group assets base will improve significantly and profits for the full year will be substantially in excess of the £2.11m for 1978-79, they state.

Surplus assets were acquired with the purchase of R. M. Smith group, and directors say a smaller profit from these will be included in second-half results, which will virtually complete the realisation of the remaining assets.

Six months' turnover expanded to £11.62m (£8.27m) and the interim dividend is increased to 2.2p (1.9p) net per 10p share — dividend waivers are on 1,303,675 shares — last year's final being 3.7p.

Tax takes £363,000 (£52,000) after assuming certain benefits under stock relief provisions, leaving a net profit ahead from £469,000 to £1.22m.

Private residential building profits have again increased, and the figures have been reinforced by an initial contribution from R. M. Smith, directors state.

Forward sales position is currently good, and this year's housing figures should again be satisfactory, they say.

The group is giving increasing emphasis to its specialist activities, namely plant hire, roofing and waste disposal services, and both turnover and profit continue to expand in these areas. At this stage, however, directors find it difficult to judge the outcome for the current year, in view of the uncertain conditions in the industries in which the specialist activities operate.

● comment

Following Comben's showing last week, Beazer is another housebuilding group to produce rather respectable figures at a time when construction is supposed to be in a slump. The reason would appear to be that the ripples of recession may be felt later this year, but not just yet. Beazer's pre-tax profits are still 68.7 per cent ahead after stripping out £700,000 on the sale of surplus assets from Smith. After further deducting £150,000 for the first time six-month contribution from Smith, the pre-tax rise falls to 40 per cent. The earnings growth came mainly from a 25-30 per cent rise in house prices last year and from a 20 per cent profits improvement in the group's plant hire and waste disposal business. The land bank now stands at 3,500 plots, which will probably be rationalised in the next couple of years. For the year Beazer could achieve around £3m pre-tax (including exceptionals), which suggest a fully taxed p/e of 3.4. The interim is up almost 16 per cent and a full year net total of, say, 6.2p, points to a prospective yield of 13.3 per cent at 69p, up 1p.

Lawnmowers boost for Electrolux

ELECTROLUX GROUP, the UK arm of the Swedish domestic appliance manufacturer AG Electrolux, pushed turnover ahead by 26 per cent to £150.15m in 1979 and pre-tax profits rose 12 per cent to £12.35m.

Mr. John Redman, group chief executive, points out that 35 per cent of turnover was derived from operations outside the domestic appliances market. For instance, Flymo, the lawn mower company, boosted sales by 58 per cent and nearly doubled pre-tax profits to £2.18m. The office equipment subsidiary, Facit-Addo, is now contributing over £1m before tax.

Capital spending is planned to reach £13m this year, £4m of which will go to the modernisation of the domestic appliance plants at Luton and Aycliffe. Turnover is budgeted to increase by a fifth although the expansion of pre-tax profits will only amount to 10 per cent.

Mr. Redman says that UK turnover now accounts for about 10 per cent of world sales and profits from Britain contribute some 15 per cent of overall profits. UK shareholders hold about 5 per cent of the total ordinary capital but the Swedish parent has no immediate plans to issue any equity in this country.

Mucklow advances to £1.4m

AN ADVANCE in taxable profits from £1.4m to £1.7m for the six months to December 31, 1979, is reported by A. and J. Mucklow Group, the estate developers and property rentals concern.

Mr. A. J. Mucklow, the chairman, says high interest rates will remain an impending factor, both directly on the cost of the group's borrowings and, indirectly, on the tempo of demand levels. But he is optimistic about prospects for the second half.

The interim dividend is 1.6p (1.32p). For the last full year the figure was 3.24p. Earnings per 25p share are 5.16p (3.68p).

Turnover was ahead at £3.3m compared with £2.7m last time and a full year figure of £5.5m. Mr. Mucklow says new lettings advanced at a satisfactory level, particularly on small factory units.

The after tax profits of £1.4m was reached after a charge of £340,000. In the same period last time a higher tax charge of £460 000 left an after tax profit of £977,000.

Duckwari to pay outstanding dividends

All outstanding preference dividends for the five years to September 30, 1979, inclusive are to be paid this Friday by Duckwari Tea and Rubber Estates.

Ordinary shareholders are to received 8½ per cent per share on account of the year to December 31, 1965, and 1½ per cent on account of the year to December 31, 1966.

53 companies wound-up

COMPULSORY winding-up orders against 52 companies were made by Mr. Justice Dillon in the High Court. They were:

Ballinabay Contractors, Archmead Home Developments, Scott Mactaggart Advertising Agency, Maycrain Properties, Rookfinch, B.A.S.S. Fire Protection.

R. J. Clarke (Developers), Cheshire Cleaning Services, Charmdale Records, Dismount, Upvale Systems, Salop Financial Associates, Sutcliffes of Croydon.

First Try School of Motoring, Lamwest, Micro-Mix (Europe), L. J. Billups, Square Deal Supplies (Timber), Claveria Estates.

Bannamfern, Gift Designs, Hamaphot, Leodene, Reynolds Financial Management Services, T. O'Regan (Flooring).

Tesimilne, Dankarn Construction, Delta Installations, Bergpan Design Services, New Cedos Engineering Company, E.I.C. Eurosecurities, Austin Kielty Contractors.

Brangable Properties, Hamfar Trading Company, Gulf Stream Securities, H.C. Building Services (Sutton-in-Ashfield), House of Crafts, Blackhawk Properties.

Michael Prior, Lempleton, J. Edwards (Wolverhampton), Barnes and Earley, R. G. Wild Transport, Earlbridge Investments, Pro Select.

AF International Advertising Services, Craftsman Securities, Globerange, Taylor and Barnett (Exeter), Heverwood-Smith, Escalade Properties, Barvis (Flooring).

Schauer and May was compulsorily wound up by Deputy Judge Allan Heyman, QC, in the High Court on March 20.

Recovery seen by Phicom

WHILE there will be some continuing effects from two national strikes last year, one in the engineering industry and the other in the independent television network, 1980 should show a recovery at Phicom, unless further events outside the directors control intervene.

Looking to the future, Mr. S. W. Livesey, chairman, says that the company has a good spread of activities which are in product or market areas for which considerable growth potential is seen.

He describes the first year of operation following the split from Plantation Holdings as a particularly unfortunate time to be faced with national industrial disputes.

For 1979, as reported on March 6, taxable profits slipped from £1.31m to £1.12m on turnover of £33.41m against £31.87m. Operating profit showed an advance from £1.68m to £1.71m but was hit by higher interest of £593,000 compared with £371,000.

A divisional analysis of turnover and operating profits shows (£000s omitted); instruments £11,007 (£10,346) and £362 (£740); light engineering £11,478 (£10,202) and £714 (£184); video communications £5,660 (£5,327) and £96,000 loss (£414,000 profit); data communications £4,514 (£3,363) and £755 (£538); activities sold £746 (£2,630) and £22,000 loss (£193,000).

Turnover geographically broke down as to (again £000s omitted): UK £19,668; Europe, excluding Scandinavia £8,244; Scandinavia £2,700; North America £1,453; other areas £1,340.

The total value of goods exported from the UK during the year amounted to some £9m.

At February 29, 1980 Multi-Purpose Holdings, incorporated in Malaysia held 53.71 per cent of the company and the Malaysian Multi-Purpose Co-operative Society Berhad held 9.82 per cent. Meeting, 20, Aldermanbury, EC, on April 16, at noon.

AGB RESEARCH

AGB Research announces that of the 2.79m new ordinary shares of 10p each offered by rights to ordinary holders more than 96 per cent has been taken up.

The balance has been sold and the excess over the subscription price of 25.54p per share will be distributed amongst the original allottees.

RESULTS AND ACCOUNTS IN BRIEF

ADAMS AND GIBBON (motor vehicle distributor)—Results for year ended November 30, 1979, reported in preliminary statement with prospects, on February 16. Group fixed assets £1.63m (£1.58m), net current assets £2.32m (£1.76m). Accounts show chairman's emoluments up from £4,150 to £11,097. Meeting, Newcastle-upon-Tyne, April 10, 11 am.

ANGLO-AMERICAN SECURITIES CORPORATION—Mr. J. Jamieson, the chairman, says the estimate of revenue for the current year indicates that it should be possible to maintain the dividend of 4.2p. He says that now exchange control has been removed it is intended to increase the proportion of the portfolio invested overseas. The company, which reported on February 12, 1980, showed a net asset value per 25p share of 126½p (138p).

BERISFORDS (ribbons, trimmings and labels manufacturer)—Results for year to November 24, 1979, and prospects reported February 21, 1980. Current assets £7.56m (£5.87m), current liabilities £4.11m (£2.99m). Increase in working capital £382,000 (£340,000) including £622,000 decrease in cash (£12,000 increase). Meeting, Congleton, Cheshire, April 17, at 11 am.

BRITISH AMERICAN AND GENERAL TRUST—Results for 1979 already known. Investments £26.81m (£27.07m) including £6m (£5.26m) overseas. Net current assets £354,535 (£1.04m). Meeting, 20, Fenchurch Street, EC, April 11, at 11.30 am.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES—Results for 1979 reported March 7. Net current assets £75,124 (£86,946). UK-listed investments £674,372 (£581,044). Amount due from Sri Lanka Government £273,983 (£354,461). Meeting, 1-4 Great Tower, EC, April 18, 11 am.

NEW EQUIPMENT (makers of tubular steel furniture)—Final dividend for year to October 31, 1979, 0.6895p, making 1.0395p (0.995p). Pre-tax profit £132,282 (£148,494), before tax £69,932 (£80,490). Turnover £1.85m (£1.7m).

ST. ANDREW TRUST—Results for year to December 31, 1979, reported February 21. Investments £17.87m (£18.81m) including £4.97m (£6.01m) overseas. Directors say abolition of exchange controls has made it easier to increase overseas investment and they are moving towards that end. Estimates for current year show there should be some scope for increased dividend. Meeting, 29, Charlotte Square, Edinburgh, April 10, at 12.30 pm.

MINING NEWS

Cautious Bougainville, hopeful Hamersley

BY KENNETH MARSTON, MINING EDITOR

A TINGE of caution colours the annual statement of Mr. D. C. Vernon, chairman of the Rio Tinto-Zinc group's Bougainville copper and gold open-pit mine in Papua New Guinea. Last year net earnings advanced to K 83.9m (£54.8m) from K 48m, but in real terms were still considered inadequate against the high level of inflation.

They were boosted by the better metal prices, notably of gold which at its enhanced level is now regarded as a joint product with copper rather than only a by-product. Output of the precious metal contained in concentrates last year amounted to 19.7 metric tonnes—in the same league as that of South Africa's Blyvoor gold mine.

Bougainville's silver output was 44.6 tonnes while that of copper totalled 170,788 tonnes, overshadowing the 111,014 tonnes produced by the group's Palabora copper mine in South Africa. But the Papua New Guinea mine's total metal production fell from that of 1978 in line with declining ore grades, while costs continued to rise, especially in respect of oil.

Even so, Bougainville's gross profits moved into the area of the country's additional profits tax and if metal prices stay at around current levels earnings should show further growth in the current year, despite the declining ore grades.

On the latter score, means of increasing production capacity are being considered in order to minimise the effect of lower ore grades on metal output. And Mr. Vernon is concerned that his company is not allowed to explore for new ore bodies beyond its special mining lease. However, existing ore reserves at end-1979 were put at some 690m tonnes after the mining of 36m tonnes during the year.

Shareholders, who will receive a total dividend of 40 toea (26.1p) for 1979, against only 15 toea for 1978, plus a two-for-one scrip issue have no cause for concern at the current year's prospects. As already reported, the 50 toea shares are to be consolidated into shares of 1 kina (100 toea) after the scrip issue. This will mean that every two shares of 50 toea now held will become three shares of one kina. The existing shares were 168p yesterday.

The RTZ group's Hamersley iron ore operation in Western Australia has also issued its 1979 annual report and chairman's statement. In this case there is a different story with the past year's earnings down to A$30.9m (£15.4m) from A$34.8m, mainly because of a ten-week strike.

But a better year could be ahead providing, as always, there is relative industrial peace in this notoriously troubled area. The Hamersley chairman, Mr. Russ Madigan says that on the labour side matters look better with "a marked improvement in time lost" following the earlier strike.

He also anticipates better prices for iron ore this year in line with the improved economic outlook for the steel industry and, looking further ahead, he points to the potential of the completed expansion in Hamersley's iron ore production capacity to 46m tonnes a year. Hamersley shares were 175p yesterday.

Falconbridge: more capacity on stream

FALCONBRIDGE NICKEL, the second largest of the major Canadian producers, is continuing to bring more capacity on stream, although it is uncertain whether the accelerated growth of demand seen in 1979 will be sustained this year, reports John Soganich from Toronto.

But the current balance between supply and demand is encouraging, according to Mr. Marsh Cooper, the president.

Falconbridge had record net profits last year of C$130.6m (£50.7m) as stocks were run down to normal operating levels. There were periods when demand exceeded supply, but most producers continued to operate below capacity.

The group had two mines operating at full capacity, brought back to production three more and readied a second roaster electric furnace line at the smelter for operation. Another mine is due to come to production and yet another in 1981.

The reopening of the mines has enabled increased exploration for new orebodies. Proven and probable reserves held by the group at Sudbury, Ontario, at the end of 1979 were 75.8m tons, grading 1.47 per cent nickel and 0.8 per cent copper.

EARNINGS RISE AT HOLLINGER

Hollinger Arugs, the reorganised successor to Hollinger Mines, earned a net profit of C$21.8m (£8.46m) last year compared with C$13m in 1978. In addition there was an extraordinary gain of C$85.6m on the sale of investments—this would have included the disposal of a 7.5 per cent stake in Noranda Mines to Labrador Mining.

Labrador Mining is a subsidiary and its accounts are consolidated in those of Hollinger The same is the case for Hollinger North Shore Exploration and, since last June, Argus Corporation.

Hollinger's revenue from royalties on iron ore, interest, dividends and other income climbed to C$65m from C$36.2m. The rise reflected increased production and higher prices at Iron Ore Company of Canada, which in 1978 was closed for a four months strike.

Labrador Mining had 1979 profits of C$22.4m against C$12.5m in 1978. It had gains on investments sales of C$46m, compared with C$1.4m the previous year.

The group is controlled by the Conrad Black interests of Toronto. Through Argus Corporation, Hollinger Argus has a stake in major concerns like Massey-Ferguson.

Foskor studies new mine

THE South African Phosphate Development Corporation (Foskor) is studying the feasibility of opening a new opencast mine next to its present workings near Phalaborwa in the north-eastern Transvaal, reports Bernard Simon from Johannesburg.

The mine would more than double production of phosphate concentrates from the current 3.5m tonnes a year to 8m tonnes The additional output would be mainly for export. A final decision on the project will, however, not be taken until 1982, and completion will not be before 1985.

Foskor, a subsidiary of the State-owned Industrial Development Corporation, is at present building a pilot plant to test a new dry process for the recovery of concentrates. The company already operates the largest phosphate flotation plant in the world.

Foskor is currently expanding output from last year's 2.9m tonnes to around 3.5m tonnes at a cost of R23m (£13m). A 10 per cent drop in domestic consumption of concentrates in the year to June 1979 was more than made up by a 39 per cent increase in sales to South Africa's two phosphoric acid exporters, Fedmis and Triomf.

The phosphate ore body at Phalaborwa is about 8 km long and 3 km wide. Drilling has reached a depth of 5,000 feet.

ROUND-UP

Pancontinental Mining, the potential Australian uranium producer, had a net loss in the half year to December of A$582,658 (£290,240), against a loss of A$165,861 in the same period of 1978.

* * *

Hill Minerals of Perth is making a 15 cents (7.47p) call on 6.3m shares paid to 20 cents.

* * *

The Government of Saskatchewan, in its recent budget, allocated C$50m (£19.4m) in borrowings for the development of the Key Lake uranium mine. The funds will not be drawn this year and borrowings are likely to be higher in 1981. Environmental approvals for the mine are not expected until late this year.

* * *

Higher gold prices have allowed Giant Yellowknife, the Canadian producer, to raise the level of its ore reserves by 1.255m tons to 2.054m tons grading 0.21 ounces of gold a ton.

* * *

Consolidated Rambler Mines, the small Newfoundland copper producer, pushed net profits to C$6.5m (£2.5m) from C$4m in 1978.

SHARE STAKES

George Spencer — Mr. P. H. Spencer is interested in 475,467 Ordinary and 35,935 Preference shares.

Alliance Investment Company —London and Manchester Assurance Company has disposed of 61,500 shares leaving holding 660,000 shares (5.9 per cent).

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AKZ C	F.22.50	10	1.20	2	2.30	55	2.90	F.23
AKZ C	F.25	87	0.30	4	0.90	33	1.40	"
AKZ C	F.27.50	—	—	1	0.70	—	—	"
AKZ P	F.25	—	—	—	—	5	3.40	"
FNC C	$20	—	—	—	—	7	1 1/8	$17 1/8
HEI C	F.65	10	3	60	4.50	12	5	F.65.90
HEI C	F.70	14	1.60	64	2	—	—	"
HEI C	F.75	22	0.70	—	—	14	2.20	"
HEI P	F.60	—	—	8	1.60	—	—	"
HEI P	F.65	10	1.50	—	—	—	—	"
HEI P	F.70	8	5	—	—	—	—	"
HO C	F.20	—	—	—	—	20	1.60	F.17.90
KLM C	F.50	2	4	4	5.50	2	7.60	F.65
KLM C	F.70	15	0.30	14	2.50	7	4	"
KLM C	F.80	21	0.10	10	0.50	32	1.50	"
KLM P	F.60	6	1.60	14	4	—	—	"
KLM P	F.70	13	7.50	1	8.30	—	—	"
KLM P	F.80	20	16.70	5	17	—	—	"
NN P	F.110	—	—	2	8.80	—	—	F.103
PET C	Fr.6000	—	—	1	150	—	—	Fr.5220
PHI C	F.17.50	—	—	32	0.90	136	1.60	F.17.40
PHI C	F.20	30	0.30	—	—	—	—	"
PHI C	F.22.50	—	—	—	—	50	0.30	"
PHI P	F.17.50	—	—	5	1	—	—	"
PHI P	F.20	10	2.30	—	—	—	—	"
RD C	F.140	5	11	5	15	—	—	F.148.80
RD C	F.150	97	3.80	38	7	4	9.80	"
RD C	F.160	254	1.10	259	3.80	98	5.90	"
RD C	F.170	116	0.40	92	1.30	43	3	"
RD P	F.140	65	1	2	3.80	40	7	"
RD P	F.145	304	2.20	13	6.20	1	8.50	"
RD P	F.150	115	4.20	22	8.80	8	11.50	"
RD P	F.160	42	11.50	25	15.50	10	17.50	"
RD P	F.170	20	21	—	—	—	—	"
UNI C	F.110	—	—	1	3.80	—	—	F.105.50
UNI C	F.115	—	—	2	1.40	5	2.80	"
UNI P	F.110	5	5	—	—	—	—	"
Series		**May Vol.**	**May Last**	**Aug. Vol.**	**Aug. Last**	**Nov. Vol.**	**Nov. Last**	**Stock**
BA C	$60	12	3 1/4	—	—	—	—	$56 1/4
BA C	$70	3	1	—	—	—	—	"
BAS C	DM.160	4	1.50	—	—	—	—	DM135.20
VEB C	DM.150	1	5	—	—	—	—	DM146.50
VEB C	DM.160	6	2	—	—	—	—	"
VEB C	DM.170	—	—	4	2	—	—	"
VW C	DM.180	1	6.50	1	12	—	—	DM178.00
VW C	DM.190	4	1.20	—	—	12	8.60	"

TOTAL VOLUME IN CONTRACTS 2615

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½ %
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½ %
Banco de Bilbao	17 %	...is Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	...muel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
...own Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½ %
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½ %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15½%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

BIDS AND DEALS

Coal Board and Hambros in North Sea venture

The National Coal Board ePnsion Funds and Hambros Bank are to undertake a joint venture capital investment in a North Sea service company for a total of £2.1m.

Yesterday Hambros published its offer for Drilling Tools North Sea, a drilling equipment rental business set up in 1973 by way of a limited issue for sale to clients of stockbroker Hedderwick Borthwick.

At the time Hedderwick's clients subscribed £3.50 per share for 65 per cent of the company, the remainder being held by Drilling Tools of Houston, Texas.

Now Drilling Tools is to be bought out for £722,000 and DTNS's shareholders are to receive £6.10 per share. They have not received any dividends since the company was formed and profits performance has not been remarkable. Over the period they have grown from around £250,000 a year pre tax to about £400,000 currently.

Under the terms of the deal DTNS's shareholders may elect to retain some of their shares to a maximum of 25 per cent of the equity of the bidding company, Dawsea. The remainder will be shared equally between the pension fund and investment clients of Hambros Bank.

Dawsea is a new company established for the purpose of the takeover. In addition to subscribing to its equity the pension fund also proposes to lend it £80,000 over 10 years and Hambros will subscribe £200,000 by way of a two-year loan.

Although no further acquisitions by Dawsea are earmarked at present its intention is to expand further into energy-related service fields.

Mr. David Fraser, former chairman of Hall Thermotank and former managing director of APV Holdings, is to be the executive chairman of Dawsea.

BCSC OFFER FOR OUTSTANDING SWAN PORTLAND

Blue Circle Southern Cement (BCSC), in which Britain's Blue Circle Industries and Broken Hill Propietary of Australia each have a 42¼ per cent stake, plans to offer A$5.3m (£2.6m) for the outstanding 43.3 per cent of Swan Portland, based in Western Australia.

BCSC, which is Australia's largest cement group, will bid one of its own shares plus 95 cents cash, with an alternative full cash offer of A$1.95, for each Swan share. It already owns 56.7 per cent.

The deal is subject to the approval of the Foreign Investment Review Board and will be conditional on acceptances for 90 per cent of the shares coming from at least three-quarters of Swan's shareholders.

BCSC has just reported a virtually unchanged profit of A$8.9m for 1979 after doubled interest charges, and depreciation associated with the new A$75m plant at Berrima in New South Wales.

The release of the offer documents for the proposed acquisition of the rest of Swan, will await the result of the submission to the FIRB.

ROWLAND ADDS TO LONRHO HOLDING

Mr. "Tiny" Rowland, chief executive of Lonrho, the international trading conglomerate, has acquired 250,000 more ordinary Lonrho shares, at 85p per share, through a company which he wholly owns.

Together with the 32.48m shares in which he is already interested, including the voting rights which he controls over the 5m shares held by Mr. Daniel K. Ludwig, Mr. Rowland now controls 15.13 per cent of the issued capital.

Goldsmith companies reorganise

GENERAL ORIENTAL, the Hong Kong company 74 per cent owned by Sir James Goldsmith, has reorganised one of its key holdings in Generale Occidentale, the French-based food group controlled by Sir James.

At the centre of a complex deal is Trocadero Participations SA, a French company whose main asset is a 35 per cent stake in Generale Occidentale.

Argyle Securities, a former UK property company, now largely a shell, owned 30.4 per cent of Trocadero and thus, indirectly, some 10.6 per cent of Generale Occidentale.

Yesterday, Argyle announced that it had sold its stake in Trocadero for £9.7m. There were two purchasers: Argyle Securities (Holdings), Argyle's immediate parent company; and General Oriental, Argyle's ultimate parent company since July 1978.

At the same time, Argyle paid oout £9.9m in dividends to General Oriental of which it is a wholly owned subsidiary.

In a number of other transactions also announced yesterday, Argyle sold further investments and properties for £4.8m.

As a result of all these transactions, the statement says, Argyle's borrowings will be reduced by £9.3m "The amount outstanding now stands at £16.7m below the figure shown in the last consolidated balance sheet dated September 30 1978."

At that stage Argyle's gross borrowings amounted to £33.3m. There was also some £15.3m in cash. Yesterday's statement did not make clear whether the reduction was in the net or gross borrowings and a spokesman fo rthe company was unable to elucidate further.

The last balance sheet for Argyle also showed that Argyle owned 30.9 per cent of Generale Occidentale in its own right. Sir James also has a small direct holding in Generale Occidentale but since 1978 he has stressed that 51 per cent of th French company would continue to be controlled within France.

SHARE STAKES

Joseph Webb and Co.—H. C. Webb, director, on March 19, sold 25,000 shares at 20p.

Security Centres Holdings — Jamieson Management Services, a company owned by Mr. I. S. Jamieson, a director of Security Centres, has acquired 30,000 shares making holding 1,919,360 (32,578 per cent).

H. P. Bulmer Holdings — C. J. P. Watney, director, on March 14 to up option on 25,000 shares at 92p and on March 17 sold these at 142p.

Imperial Chemical Industries —Following directors have been granted options at 355p per share:— Sir Maurice Hodgson 105,000, A. W. Clements 68,000, W.B.M. Duncan 85,000, J. H. Harvey-Jones 45,000, R. Haslam 68,000, D. H. Henderson 68,000, J. R. Ibbs 68,000, C. H. Reece 68,000, A. Robertson 68,000 and N. B. Smith 68,000.

Elswick-Hopper—London Trust Company has acquired 50,000 shares making holding 2.7m.

Comben Group—T. R. Roydon, director, has acquired 75,000 shares making holding 334,610.

House of Fraser — The trustee interest of Mr. G. Willoughby, director, in companys Ordinary shares is 1,178,066.

General Electric — The non-beneficial interest of Mr. D. Lewis, director has been reduced to 48,000 shares.

Group Investors — Sun Life Assurance Society, as result of recent purchases, has increased its holding to 762,500 shares (11 per cent).

Elson and Robbins—Mr. E. R. Keeling, chairman, disposed of 97,000 Ordinary shares.

T. Cowie—T. A. Cowie, director, has acquired 23,526 shares.

J. W. SPEAR BUYING DUNBEE COMPANIES

Toymaker J. W. Spear is buying some of the overseas companies of Dunbee-Combex-Marx in a deal worth £889,000.

Mr. Paul Shewell, the receiver at Dunbee, said yesterday that agreement had been reached for Spear to buy the business of the SIO group of companies in Holland and Belgium. Draft accounts show that the net assets of the businesses amounted to £1.2m at the end of 1979.

The draft accounts also show that the companies made a pre-tax profit of £220,000 during 1979. For the previous year profits totalled £66,000 after extraordinary costs of £244,000.

The SIO businesses operate as distributors of SIO toys and Simplex play-trays world-wide, including Spear games in Holland.

Pullman in talks with Paradise

CLOTHING manufacturer and retailer R. and J. Pullman, is having bid talks with B. Paradise, a loss-making furrier and leather manufacturer, in which it already has a 29 per cent stake.

Paradise shares were suspended yesterday on the news that discussions were taking place "which may result in a change of control of the company and in the making of an offer for Paradise ordinary shares not already owned by Pullman." A full announcement is expected to be made today.

Pullman bought its original stake in Paradise last October from the directors and members of the Paradise family at 10p a share. This left the holding of the directors and family at about 40 per cent so that success of the talks depends very much on securing their agreement.

The shares were suspended at 24p, placing a value of £300,000 on the Paradise equity. Pullman closed 1p lower at 43p.

The acquisition of Paradise would represent a further move to expand the group's fur and leather clothing activities. Over the last three years the group has acquired CV Fur Fashions and Skincraft (UK), which operates a chain of sheepskin suede and leather shops.

Mr. Maurice Hope, chairman of Pullman, said yesterday that "a merger would make a great deal of sense." Both companies have substantial leather interests and Paradise has "good manufacturing capacity."

In January, Paradise which has not paid a dividend since 1977, reported a loss of £174,000 (£48,000) for the first half of 1979-80, compared with a deficit of £317,000 for the whole of the previous year. But the directors said that profitability had improved and the reorganisation was continuing.

Last September the group sought an increase in its borrowing powers because its limit had been exceeded. The accounts for 1978-79, which were qualified by auditors Bright Grahame Murray, showed net borrowings of £1.38m compared with shareholders' funds of £0.33m.

Mr. Gerald Paradise, the chairman, said steps were being taken to strengthen senior management. In January the company announced that Mr. Alfred Davis, a senior partner in Stoy Hayward, chartered accountants, had taken over as chairman.

Last month Pullman turned in interim 1979-80 taxable profits of £710,000 (£508,000) In the previous 13 months the group reported a record profit of £1.42m.

UDS GROUP

Bernard Lyons, the chairman of UDS Group has undertaken a "bed and breakfast" transaction involving the sale of 1,099,437 shares at 58½p and the repurchase of the same number at 58.5625p on the following day.

Grand Met. buys into Liggett

Liggett Group, the diversified U.S. company, says that Grand Metropolitan of the UK has accumulated through open market purchases 802,000 of Liggett's common shares—about 9½ per cent—according to a schedule 13-D filed with the Securities and Exchange Commission by Grand Metropolitan on March 21.

Grand Metropolitan, the hotels, leisure and drinks concern, made requisite filings in December 1979 under the anti-trust improvements act to permit it to purchase up to 15 per cent of Liggett's outstanding common stock and has reserved the right to amend its filing to enable it to purchase more than this 15 per cent.

HOLLAS SHARES PLACED

Hollas Group announces that 1,568,116 ordinary shares have been placed privately on behalf of the vendors of Thrells.

The shares were placed by Henry Cooke, Lumsden and Co., in conjunction with Laurence Prust and Co., and Tilney and Co., at 71½p per share. The placing is subject to a listing for the shares and the approval of the acquisition of Thrells.

A circular giving full details of Thrells and convening an EGM of Hollas, for April 9, to approve the acquisition has been posted.

BURNS PHILP

The offers by Burns Philp (Netherlands) BV for S. Hoffnung have been extended to 3 pm, April 11. Acceptances of the offers have been received in respect of 2,740,710 ordinary shares, representing 15.6 per cent of Hoffnung's capital, and 263,353 preference shares (62.4 per cent).

The chairman of Burns, Philp will be writing again in due course to shareholders of Hoffnung in response to the letters from the chairman of Hoffnung dated March 14.

NO PROBE

The proposed merger of Imperial Continental Gas Association and CompAir is not being referred to the Monopolies Commission.

OIL AND GAS NEWS

Sceptre moves into Dutch sector blocks

BY STEPHEN THOMPSON

SCEPTRE RESOURCES, the Canadian oil and gas exploration company, has acquired interests in three blocks in the Dutch sector of the North Sea.

These include a 7.5 per cent stake in block L-14 where a natural gas discovery was made in 1975. The L-14—1 well tested gas at a rate of 18m cubic feet a day.

The other blocks are K-9, in which Sceptre has a 3.625 per cent holding, and Q-14 in which Sceptre controls 14.59 per cent.

The holdings in K-9 and L-14 were acquired from Anker Kolen, a Dutch company, and the interest in Q-14 from three Dutch companies, Anker, De Jong and Van Dyk. The acquisitions have been approved by the Dutch Government.

Sceptre is currently studying the possible development of the L-14—1 gas discovery which could be brought onstream by late 1982. It is also planning to drill exploratory wells on block K-9 and on a separate feature on L-14 during the second half of 1980.

Sceptre has oil and gas exploration interests in the North Sea, as well as Portugal, the Philippines and Vietnam.

In addition Sceptre has a 49 per cent stake in Candecca Resources which is searching for oil and gas in northern England and Scotland. Sceptre's shares, which are quoted on the London Stock Exchange under Rule 163(3), were 455p yesterday.

* * *

Canadian Hunter Exploration, the wholly-owned oil and gas exploration unit of Noranda, has revealed that its recently-drilled Steeprock C-12-L 93-P-1 exploratory well in north-east British Columbia has been cased as a potential gas well.

Canadian Hunter says it issued a statement "in order to clarify recent industry speculation," reports John Soganich from Toronto.

A unit of Imperial Oil has a 17.5 per cent holding in the well while a consortium comprising Canadian Hunter, Kerr Addison, Domtar, and Bluesky Oil and Gas control the remaining 82.5 per cent.

The well tested natural gas at the rate of 19m cu ft per day from a 26-foot gething sandstone formation. A service rig is to be moved to the well later this year for a production test of the gething and other potentially productive zones.

Location of the well is the British Columbia extension of the Elmworth gas development 15 miles west of the Alberta boundary.

Canadian Hunter controls about 400,000 net acres on the B.C. side of Elmworth and plans to accelerate its drilling programme in the area as a result of this latest well.

* * *

The Vinck No. 1 well on Australia's Exmouth Plateau off the coast of Western Australia is being plugged and abandoned.

The well was drilled by a unit of Broken Hill Proprietary in partnership with Esso Exploration and Production Australia and indicated a number of gas/condensate bearing zones from 2,797 metres to total depth of 4,600 metres.

However, BHP says that no commercial significance can be attributed to the hydrocarbon shows in the well.

UK COMPANY NEWS

Hawley Leisure boosted to £0.5m by acquisitions

BOOSTED BY acquisitions, turnover and pre-tax profits of **Hawley Leisure** have soared during 1979, from £1.07m to £11.32m, and from £22,008 to £520,667 respectively.

And the dividend has jumped to 0.8p (0.1p) net per 5p share, with a final of 0.5p as forecast.

At the interim stage profits had expanded to £173,210, compared with £5,357.

Tax, of this tent and amusement machine manufacturer, was £1,442 (nil), and after minorities losses of £7,100 (£2,973 profits), the attributable balance came out at £526,325 against £19,035.

Earnings per share were well up at 6.52p, compared with 0.29p.

There was an extraordinary debit of £25,767 for 1979, which was the loss arising on the sale of shares in a subsidiary.

After this and dividends' cost, up from £9,602 to £89,938, the amount retained was £410,620 (£9,433).

● comment

On an annualised basis, Hawley made about £750,000 pre-tax profit last year which, by comparison with the pervious profit of a mere £22,000, confirms the drastic changes undertaken in the former tent manufacturing "shell." Profits actually come out at £521,000 which breaks down into about £200,000 from amusement machines distribution, £130,000 from hi-fi retail and a similar amount from custom built furniture while the recent sports shops acquisition chipped in around £20,000. Much will probably happen this year and the complexion of the group may well change once more. But, at this stage, unofficial forecasts of around £900,000 (and probably more) for 1980 will be depending largely on amusement machine growth in which Hawley intends to expand its operating, as opposed to distribution, activities. The shares, at 43½p after a 2½p rise yesterday, have already attracted quite a strong following and, for a fledgling operation, marketability is quite reasonable. For the short-term, however, investors must balance high gearing (the debt: equity ratio is about 1 : 1) and a near certainty that Hawley will use its quote for new acquisitions again this year, with powerful segments in the fast expanding amusement machine and custom built furniture industries, coupled with a useful backlog of tax losses.

Aquis seeks development opportunities

The Board of **Aquis Securities**, the property investment and property developer with interests in hotels, is watching the market closely for opportunities in the development field.

At the end of 1979, when pre-tax profits fell from £519,758 to £394,008, all the company's buildings were fully let.

During the year the development programme was completed with the sale of properties at East Grinstead and Cambridge. Arrangement for a leasehold interest in one of the major flat properties has been made. The sale of modernised flats started towards the end of the year and will continue to generate profits in 1980.

Gross income from investment property continued to increase steadily as a consequence of rent reviews.

At the year-end Mr. H. C. Quitman, the chairman's holding in the company had been reduced from 1.36m to 1.14m shares.

The annual meeting will be held at the Clarendon Court Hotel, W, on April 24 at noon.

Chambers & Fargus lower

HIGHER COSTS which offset improved tonnage crush and increased refined oil sales, resulted in a fall in profits at **Chambers and Fargus**, seed crusher and edible oil refiner.

Although turnover was ahead at £5.86m against £4.63m, taxable surplus for the half-year ended December 31, 1979 dropped from £100,785 to £83,991, but the directors expect to see an improvement in the current six months.

The interim dividend is held at 0.25p net per 5p share—the previous total was 0.75p on pre-tax profits of £213,297.

There was a transfer of £43,675 (£52,408) to deferred tax and net profits for the half year were down at £40,316 against £48,377.

Rohan changes year-end

Year-end accounts of **Rohan Group** are to be made up to December 31, so that the next report will be for the eight months ended December 31, 1979.

The interim dividend, of 3.2p, announced in the interim statement last month, as well as a recommendation of a final, will be for this period, the results of which will be announced in May.

W. Canning moves ahead to £1.4m and confident

FOLLOWING THE first-half fall, taxable profits of W. Canning showed an increase from £334,000 to £912,000 in the second six months of 1979 giving a higher full year figure of £1.44m, compared with £1.05m. Turnover for the year advanced from £40m to £55.1m.

The group's traditional business of supply of materials and plant for metal finishing was seriously affected by the national road haulage and engineering disputes. Substantial losses were incurred by W. Canning Engineering, its major plant manufacturing subsidiary and by the Australian subsidiary.

However, these were more than offset by good performances from the group's smaller subsidiaries which operate in environmental control, plant and components for electronic industries, aluminium casting and metal recovery.

Mr. Alex Houseman, the chairman, feels that the group is gaining strength from its widening spread of interests and the new year is faced with some confidence.

He adds that expansion in 1978 through acquisition of new companies and the establishment of new activity has been completely vindicated by their significant contribution to 1979 group profits.

A divisional breakdown of sales shows:—metals and electronics £20.31m (£7.15m), materials £21.02m (£20.13m), engineering £10.69m (£9.73m), environmental control £1.99m (£1.57m) and overseas £2.54m (£2.64m). Inter-group sales accounted for £1.44m (£1.16m).

Profits were struck after interest charges up sharply from £383,000 to £928,000 and redundancy and reorganisation costs of £154,000 (£102,000).

Tax takes £347,000 (£289,000) and after extraordinary debits of £50,000 (£157,000) and minorities, attributable profits for the year increased from £588,000 to £1.02m.

Earnings per 25p share are stated ahead at 8.98p (6.6p), while a maintained final dividend of 2.254p makes a total payment of 3.978p (3.904p) net—unchanged at the gross level—absorbing £474,000 (£461,000).

At the year-end, net assets per share were up from 89.2p to 94p.

Borrowings represent 56 per cent of shareholders' funds before allowing for a surplus of £886,000 on property values.

The Australian subsidiary incurred a substantial loss in the first half of the year, but following considerable redundancies and a new managing director, the company is now trading profitably.

Following losses over a number of years it was decided to move the plastic fabrication business from Plymouth to the West Midlands in order to fully utilise the premises occupied by the metal fabrication subsidiary. The benefits of this change are expected to be felt this year.

The environmental engineering activities have been located together in Telford and increased profitability is expected to result in 1980.

Mr. Houseman is to retire from the chairmanship immediately after the annual meeting and is to be succeeded by Mr. B. Tromans, who will be appointed non-executive chairman.

It is proposed to alter the company's Articles of Association in that the provision for payment of fees to non-executive directors is to be increased from £1,500 per annum each to £20,000 per annum. In addition, it is proposed to make all directors, executive and non-executive, subject to retirement by rotation, up to a maximum of one-third in any year.

● comment

While profits are still not back to 1977 levels, the second half looks to have pulled W. Canning out of an 18-month profits trough. The first-half figures were unusually depressed because they took in a nine-month contribution from Australian operations which probably lost £200,000 over the year. But the first four months of the current year are back in the black. In the UK, Canning's traditional activities look to be more or less at a standstill, while the engineering division took a £300,000 battering from the labour dispute. Growth has come from the acquisitions of the last two years. The success there gives the Board room to be frank about the effect of gearing, though property sales could take five points off that this year. Canning remains acquisition-minded—courageous and justifiable but at the same time likely to impose strains on the balance sheet. The maintained dividend gives an 11 per cent yield at 51p with a historic p/e on stated earnings of 5.8. Australian loss elminiation alone could push current year profits up around £1.6m, where the fully-taxed prospective p/e is eight, two points over both engineering and metals sectors.

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Fairview Estates, Ricardo Consulting Engineers, Standard Industrial.

Finals—Bambers Stores, Bamrose, Boradin Robber, Brent Chemicals, Dufay Bitumastic, Equity and Law Life Assurance, Expanded Metal, Garton Engineering, Reckitt and Colman, Spirax-Sarco, Stag Furniture, United Newspapers, Wolstenholme Rink.

FUTURE DATES

Interims—	
Boulton (William)	March 28
Kent (M. P.)	April 14
Lister	March 28
Malayan Tin Dredging	March 28
Southern Malayan Tin Drdg.	March 28
United Wire	May 1
Finals—	
Aurora	April 10
BBA	March 31
Black and Edgington	April 2
Christies International	April 10
Dinkie Heel	March 31
Dreamland Elect. Appliances	April 9
Guest Keen and Nettlefolds	April 2
Jourdan (Thomas)	April 3
Lyon and Lyon	March 26
Ocean Transport and Trdg.	March 31
Phoenix Assurance	April 2
Rockware	March 31

Record year at Queens Moat

A RECORD years at **Queens Moat Houses**, the hotelier, restaurateur and caterer, saw pre-tax profits advance substantially from £445,643 to £682,214 at year's end.

Describing the results as excellent, Mr. J. Bairstow, the chairman, says that in spite of record interest rates trading indicates "a further significant improvement" in the current year.

Following last year's two major acquisitions — the Newmarket Moat House and the Leicestershire Moat House—and the sale of the Hampshire and Petwood Moat Houses additional possible acquisitions this year are being negotiated.

The final dividend of 0.375p brings the total for the year to 0.75p (0.5157p). The final last time was 0.2657p.

Turnover advanced from £9.7m to £11.8m. The tax charge was £276,781 (£237,989). Interest accounted for £397,556 (£305,334) and rents £555,583 (£416,434). The company retained £272,445 compared with £135,650.

Earnings per 5p share came to 2.4p compared with 1.22p last time.

Creditable year seen by Wearra

Performance of **Wearra Group** should be creditable in 1980, under difficult conditions, Mr. A. J. Harris, chairman, told the annual meeting.

The footwear businesses were likely to have an increasingly difficult time—the climate within the shoe trade was by no means buoyant and no improvement could be expected in the foreseeable future, he stated.

A contract worth some £150,000 for a major heating installation, won by Grayhill Westcott, would take this company a long way towards its profit target, Mr. Harris said, and the recent acquisition, Burostat Vinyl Products, had considerable growth potential.

Group profit for 1978-79 was £548,000.

Seascope static at halfway

LITTLE CHANGED pre-tax profits of £579,000 against £582,000 are reported by **Seascope Holdings**, the insurance and reinsurance broking and shipbroking equipment leasing group, for the six months to November 30, 1979.

Turnover for the period showed a £0.53m advance at £2.74m and tax took £308,000 compared with £182,000.

The board is in the process of streamlining the company's organisation and efforts are being made to contain inflationary costs so that, inspite of many adverse factors, profits for the year will at least be maintained at last year's £1.24m.

Insurance brokerage business is rising but profits in this area are under pressure due to rapidly increasing costs and an adverse movement in exchange rate. While these factors have affected shipbroking, this activity showed an improvement in the first half

Olives Paper spending to get grants benefit

New buildings and plant for the storage and processing of recycled fibre is under construction at **Olives Paper Mill Company**, and will be operating in July this year, Mr. A. T. Heyer, the chairman, tells shareholders in his annual report.

The freehold of substantial premises adjoining the Britannia stock warehouse has also been acquired and the additional faciliteis will enable the group to take advantage of any opportunities arising in paper conversion.

These projects together with a new effluent treatment plant and a new boiler house are being undertaken to take full advantage of Government grants which are being withdrawn or reduced later this year, the chairman adds.

Pre-tax profits for 1979 improved from £325,106 to £342,020 on turnover of £5.41m against £4.97m. CCA profit is reduced to £201,000 (£255,000) after adjustments for cost of sales, £160,000 (£30,000), additional depreciation, £83,000 (£72,000) and £102,000 (£32,000) gain on net monetary liabilities.

The chairman says the market for printing and writing papers was intensely competitive especially during the latter part of 1979. He is concerned to note the sharp increase in imports.

"If the Government expects manufacturers to compete on equal terms with foreign mills, it should take appropriate action to prevent subsidised paper being dumped on the market at prices which cannot bear any proper relationship to production costs," says Mr. Heyer.

Pye makes 120 redundant

PYE ELECTRO-DEVICES is declaring 120 workers redundant at its King's Lynn, factory, in Norfolk, where nearly 300 workers produce specialist electrical equipment. The company said the cut was due to falling demand for some products. PED is also closing a distribution depot at Peterborough, where 14 workers will be made redundant.

TYNE DOCK ASKS FOR RECEIVER

The privately-owned South Shields ship repair company Tyne Dock Engineering, has asked its bank to appoint a receiver.

The decision has been reached because of losses incurred and the worsening trade position in which the company had been operating for the last two years. The company employs about 300 men.

Imbalance at British American

An imbalance has developed in the portfolio of **British American and General Trust**, with over three-quarters of it invested in the UK. Even so, Mr. W. H. Conroy, the chairman, says he sees no great urgency to restore the company's diversification.

The policy to reduce the overseas investments, notably in the U.S., was introduced in 1977 and carried on the following year. It was the board's intention to restore the geographical diversification during 1979, but the chairman warned in his last statement that it might take longer than one year to achieve this aim as the outlook in the main investment areas of the world "was very cloudy."

During 1979 a little over £3m was taken out of UK equities and these sales were made mainly in the early months of the year. As interest rates rose, the Trust's income benefited from the higher level of liquidity but with sterling strengthening, he states, there seemed little need to hurry with reinvestment overseas.

As known, attributable profits for the year to December 31, 1979, rose from £970,483 to £1.26m after charges, including tax of £719,247 against £607,012. Gross revenue rose from £1.92m to £2.16m. The dividend is 2.342p (1.85p).

Mr. Conroy says that, looking at the near-term outlook for the UK economy, it is difficult to be optimistic. He says the prospect must be for rising unemployment and probably a lengthy period of recession, "but money incomes are rising so fast that a significant slowdown may be delayed a while yet."

He says the expected recession in the U.S. has still not arrived in any significant degree, but there is a marked weakness in some areas, particularly in autos and housing. In spite of the demand for stocks there, which is now tailing off, opportunities are still substantial and with a weak dollar, the board believes that the Trust should continue with its steady buying programme. The Trust is adding to its Japanese holdings and adding modestly to its European and Australian holdings.

Investments totalled £26.81m (£27.07m), and net current assets were £354,535 (£1.04m).

Meeting, 20 Fenchurch Street, EC, April 11, 11.30 am.

ASSOCIATE DEALS

Samuel Montagu and Co. an associate of **Louis C. Edwards and Sons (Manchester)** purchased 35,000 ordinary shares in the company at 57p on March 21.

Kemp-Gee and Co. on March 21 bought on behalf of **MFI Furniture Group** 25,000 **Status Discount** at 71p, 125,000 at 73p and 1,500,000 at 75½p.

De Zoete and Bevan, on behalf of **Glamorganshire Property Company**, acquired on its behalf 14,822 **Cardiff and Provincial Properties** at 125p.

Samuel Montagu and Co. has purchased in the market 30,000 ordinary shares in **Louis C. Edwards and Sons (Manchester)** at a price of 55p on March 20, 1980.

Yeoman Investment Trust Limited

Results for the year ended 31st December 1979.

	1979	1978
Revenue before taxation	£1,093,114	£800,744
Taxation	348,066	262,782
Revenue after taxation	£745,048	£537,962
Earnings per Share	12.16p	8.87p
Ordinary dividend per Share	10.75p	8.625p
Special dividend per Share	1.05p	—
Net asset value per Share (fully diluted)	251.1p	240.8p

The net asset value increased by 4.3 per cent. over the year.

The ordinary dividend represents an increase of 24.6 per cent. over the previous year, and an increase of 137.7 per cent. over the rate paid five years ago—a period during which the Retail Price Index increased by 104.8 per cent.

The Directors are confident that the ordinary dividend will be at least maintained in 1980.

1980 is the 70th anniversary of the Company's incorporation and to mark this occasion a short history of the Company has been prepared and is available on request.

Twenty-five largest holdings

Company	Market Value £	Company	Market Value £
Shell Transport & Trading	720,065	De Beers	180,000
British Petroleum	701,855	Anglo American	174,000
Prudential Corporation	422,677	Imperial Continental Gas	172,563
Hanson Trust	304,300	Slough Estates	172,250
B.A.T Industries	300,000	European Ferries	168,300
Diploma Investments	252,000	Consolidated Gold Fields	153,600
Yorklyde Limited (formerly Moorhouse & Brook)	250,000	Pan-Holding S A	149,137
Imperial Chemical Industries	236,250	Save and Prosper Linked Investment Trust	149,000
Barclays Bank	221,000	Rio Tinto-Zinc	147,150
Pentos	209,702	Marks and Spencer	138,000
Standard Chartered Bank	203,531	Young Companies Investment Trust	137,550
General Electric (U.K.)	198,000	Adwest Group	133,000
Staffordshire Potteries	187,050		

DIRECTORS: Desmond A. Reid (Chairman)
Maurice B. Baring Nicholas W. Berry
Rodney A. Pellatt (Manager)

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	67	Airsprung	68	−1	6.7	9.8	4.0†
50	31	Armitage and Rhodes	31	−1	3.8	12.3	2.0†
246	185	Bardon Hill	246	−1	13.9	5.6	7.2†
100	82	County Cars 10.7% Pf.	82	−1	15.3	18.7	—
101	63	Deborah Ord.	94	—	5.0	5.3	10.3
103	88	Frank Horsell	103	−1	7.9	7.7	6.4
139	98	Frederick Parker	98	—	12.8	13.1	4.5†
156	102	George Blair	105	—	16.5	15.7	—†
70	45	Jackson Group	70	+1	5.2	7.4	4.1†
153	113	James Burrough	116	—	7.2	6.2	10.2
300	242	Robert Jenkins	255	—	31.3	12.3	8.1†
232	175	Torday	217	—	14.3	6.6	5.7†
34	18	Twinlock Ord.	16	—	0.8	5.2	3.0†
80	70	Twinlock 12% ULS	76	—	12.0	15.8	—
56	23	Unilock Holdings	45	−1	2.6	5.5	9.6
93	42	Walter Alexander	93	−1	4.4	4.7	8.2
190	136	W. S. Yeates	182	—	11.5	6.3	7.1

† Accounts prepared under provisions of SSAP 15.

APPOINTMENTS

British Aluminium finance director

Mr. John Reeve has been appointed finance director of the BRITISH ALUMINIUM COMPANY *from April 8. He was* previously corporate controller of the Amalgamated Metal Corporation.

Mr. John Reeve

★

Mr. William L. *Samengo-*Turner has been appointed chief executive, Europe, for ARMCO FINANCIAL SERVICES CORPORATION and he will also be a consultant for the European activities of Armco Financial *Corporation.* Mr. Samengo-Turner joins Armco from ITT, *for which he* was chairman and chief executive officer of the Excess Insurance Group.

★

Following main Board changes in the DOLLOND AND AITCHISON GROUP further *appointments to the major* operating companies have been made. Mr. Clive G. Stone, chairman of Dollond and Aitchison, Dollond and Aitchison Services, and Dollond and Aitchison (Property), and chairman and managing director of Wigmore's. Mr. Stanley J. Rowland, chairman and managing director of Marylebone Optical Company, and deputy chairman and managing director of *Dollond and Aitchison Services.* Mr. Tony Lawbuary, managing director *of Dollond* and Aitchison, and Donald Lugton a director. Mr. Victor C. Howitt, assistant managing director of Wigmore's, and Tony H. F. Ingham a director. Mr. Leonard G. Mountford, assistant managing director of Dollond and Aitchison Services. Mr. William R. Thomas and Mr. Keith J. Henley, directors of Marylebone *Optical Company.*

★

Mr. C. B. Franklin has retired as managing director of HEDDERWICK STIRLING GRUMBAR AND CO., stockbrokers. Mr. H. T. Cowie and Mr. S. P. Meredith Hardy have joined the Board. Mr. P. W. Gossage, Mr. T. Y. Lagden, Mr. G. T. Oram and Mr. D. H. Watson *have become proprietors in the* firm.

★

Mr. Roger L. Gregory has been appointed financial controller for BABCOCK GARDNER.

★

Mr. Maurice Glynn has been appointed managing director of READS, the UK *subsidiary of* American Can. He joins the *company from Plessey Telecom*munications in Liverpool where he served as chief executive. Mr. William S. Kratzer, former Reads managing director, has returned to the U.S. to take a senior post with the company's parent, American Can International.

★

Mr. John Dawson, head of corporate planning, LLOYDS

Mr. John Dawson

BANK, has been appointed an assistant general manager from April 1.

★

BOYLE INDUSTRIAL GAUGING SYSTEMS has appointed *Mr. A. C. Bartlett* as managing director to replace Mr. K. Boyle *who has left the company.* Mr. Bartlett was previously employed at the UK Atomic Energy Authority and subsequently with the Plessey Company.

★

Mr. Tim Rowan-Robinson has joined the Board of ST. GEORGE'S TAVERNS, a member company of Chef and Brewer.

★

Mr. *Raymond D. Pipes* financial director of IDEAL-STANDARD, the Hull-based bathroom furniture manufacturers, has been appointed to the corporate position of director, accounting systems and procedures, with parent company American Standard Inc. He will be based in the corporation's New York headquarters from April 1.

★

Mr. R. W. Michaelson *has been* appointed actuary of the NRG LONDON REINSURANCE COMPANY.

★

Mr. Tom Grieve, chairman of NEWARTHILL will retire on May 29. *He will be succeeded* by Sir John Hedley Greenborough.

★

Mr. Harry Weatherall, chairman of PAINTER BROTHERS, Hereford, is retiring from full *time business on March 31,* but is being retained in a part-time consultancy capacity for two years. Mr. J. V. Williams is appointed to the Board of Balfour Beatty Power Construction in succession to Mr. Weatherall and succeeds *him as* general manager of Balfour Beatty's fabrication division and chairman of both Painter Brothers and Bartles (Carn Brae), Redruth.

★

Mr. Bernard E. Rudd has been appointed a director of PAN ATLANTIC REINSURANCE COMPANY.

★

Mr. F. R. (Derick) Warwick will retire as chairman of *JOHN SMITH'S TADCASTER* BREWERY and as a director of Courage Limited on *June 30.* He will remain a director of John Smith's until August 31. On Mr. Warwick's retirement, Mr. J. W. (John) Whitworth, managing director of John Smith's, will join the Board of Courage when he will also take on the additional role of chairman of John Smith's.

★

BIRKIN AND CO., part of the Birkin Group *of lace manufac*turers, based in Nottingham, has *appointed* two new directors. Mr. G. D. Britton has been appointed group director for finance and administration and Mr. P. A. Stevenson, group manufacturing director.

★

Mr. Edwin Thirlwell, chairman of Prontaprint, has been elected chairman of the BRITISH FRANCHISE ASSOCIATION.

★

On April 1 Mr. William S. *Barrack, Jr., becomes chairman* of TEXACO LIMITED with executive responsibility for the Texaco group of companies operating and holding interests in exploration, producing, refining, and marketing operations in the UK. Mr. Thomas E. Cottrell will continue as a managing director of Texaco Limited responsible principally for supply *and distribution, refining and* marketing matters. Mr. J. M. *Williams, currently a director of* Texaco Limited and President of Texaco Production Services Limited, has been appointed a managing director of Texaco Limited responsible principally for exploration and production matters.

★

Mr. K. C. Lewis has been appointed director and general manager *of JOHN HARPER* AND CO., in succession to Mr. E. A. Houghton who has resigned. Mr. W. B. Williams has been appointed deputy chairman and Mr. R. J. Spencer, managing director of Duport Foundries, has been appointed a non-executive director of John Harper.

★

Mr. J. E. Cable has joined the *partnership of GRIFFITHS AND* LAMB, stockbrokers.

★

Mr. C. R. Roberts has been appointed a director of GROUP INVESTORS.

★

Mr. Jacob van Geest is appointed a director of GEEST HOLDINGS, Spalding. He continues as managing director of *Waling van Geest and Zonen,* 's-Gravenzande, Holland. Mr. Johan van Geest, managing director of the Geest company Stassen B.V., Hillegom, Holland, and brother of Jacob, is appointed a director of Geest Horticultural Group, Spalding. Both the British companies are part of The Geest Organisation of Spalding.

★

Mr. Stephen J. Horner has been appointed finance director, WESTLAND TECHNOLOGIES *division of Westland Aircraft. He* was previously with Newman *Industries, Bristol.*

★

Mr. Geoffrey Bacon is to join LLOYDS AND SCOTTISH as director of international activities. He was previously managing director of UDT International.

★

Mr. A. J. Coxon has been appointed head brewer of ARTHUR GUINNESS SON AND CO. (PARK ROYAL).

★

Mr. John H. Hedges has joined INTERNATIONAL MEXICAN BANK as a manager to set up its Eurobond department.

★

Mr. David Holden has been *elected to the* Board of NU-SWIFT INTERNATIONAL and *NU-SWIFT INDUSTRIES.* Mr. Anthony Finch has become an *associate director of Nu-Swift* International.

★

Mr. T. R. Davis has joined the Board of *AJAX MAGNETHERMIC* (UK), a subsidiary of the Guthrie Corporation.

★

Mr. Douglas W. Brookes, *managing director* of AI WELDERS, of Inverness, is to relinquish executive *responsi*bility on retirement at the end of March but will continue as a non-executive director. Mr. J. S. Riding has been appointed *marketing director* with worldwide responsibilities for marketing and *sales.* Mr. Riding was previously director of sales and marketing for Norton *Chemical* Process Products.

★

Mr. Hugh Field has been installed as the 28th Master of the GUILD OF AIR *PILOTS* AND AIR NAVIGATORS, succeeding Brian Pickard.

★

Mr. I. G. Tylee has resigned as managing director *of SOCIETE* NATIONALE DE CONSTRUCTION AEROSPATIALE to start an independent consultancy practice as an industrial and marketing consultant. He will continue to work for SONACA and other Belgian companies.

★

Mr. D. W. Neighbour is *to* resign as chairman of the NORTH ATLANTIC WESTBOUND FREIGHT ASSOCIATION on March 31. Mr. M. J. Parke, *secretary* of NAWFA, will be acting chairman from April 1.

Peter Cartwright reports on a business worth £50m a year in the UK

A new lease of life for waste oil

OIL, like an old soldier, never *dies, though its efficiency after* continual use fades as the rust inhibitors and other additives begin to fail and contaminants conspire to make it useless. New *life, however,* can be breathed into the old oil: this is the job being done by more than 50 re-refiners and blenders — a business worth some £50m a *year in Britain.*

Re-refining in Britain is done by three principal companies — *Century Oil* at Stoke, Dalton at Derby and Tenneco near Bristol — through processes similar to crude oil refining by major oil companies. The end product, *suitably blended and re-equip*ped with additives, is of the same specification as virgin oil.

Blending companies do a less complex recovery job and mainly provide fuel oil. Generally speaking this is the more lucrative end of the market: plant need not cost more than £200,000, while full scale re*refining, involving distillation* columns and all the parapher*nalia of a refinery, may cost 10* times as much. Because re-refiners are in competition with the big oil companies, profit margins are also likely to be squeezed.

There are problems about *collecting* regularly enough cleanish used oil to yield an acceptable profit, and re-refiners often have to be content with operating at about 80 per cent *capacity.* Although there are more vehicles on the road, oil *technology* has *stretched* the drain and refill times from 3,000 to as much as 10,000 miles. Do-*it-yourselfers are apt to dispose* of waste oil down the drain or at the bottom of the garden—and DIY is the last big untapped area for collection, with perhaps *20m gallons of waste oil* a year. The difficulty is to give people enough incentive to take the waste oil to a garage or collecting tank.

The oil recovery business started as a wartime measure encouraged by the Air Ministry. Statistics are hard to come by, but it is thought that the industry puts about 30m gallons of oil into recovery plants: of this 6m gallons are returned to lubricating oil specifications; fuel oils account perhaps for 14m gallons and the remainder is split among hydraulic, transformer, cutting and other oils. (Some 3m gallons of these are returned for further re-use.) *What is left over is irrecover*able waste. This includes water, which has to be purified before disposal, metal, carbons, acids and the other products of combustion. They are mainly dumped at regulated land fill tips. Some re-refiners also recover solvents, although this *is usually undertaken by* specialists.

The UK industry is made up *of more companies than the* rest of Western Europe put *together,* and offers a more comprehensive range of facilities.

Since the 1973-74 oil crisis, British know-how has been sought by countries which, like *Australia and, more especially* the U.S., have tended to be profligate with oil. In America *cheap oil has meant a lack of* incentive to re-refine: used oil is often sprayed on dirt secondary and farm roads to form a crude kind of tarmacadam. That *is changing under the pressure* of rising oil prices.

In Britain, much could also be done to return a bigger ratio of used oil to original specifications. However those in the recovery business say that profits are not very attractive, and that it is difficult to maintain plants at reasonable capacity.

Individual companies are prepared to collect more oil *for re-refining "if we know* where it is. It is not just a question of picking up any old oil." Factories tend to put all kinds of waste oil into one *collecting tank.* Segregation is the problem.

Used oil comes in many guises and generally in small quantities. A factory may use as many *as 200 or more different oils* for various purposes (a more restricted list could often do the same job as efficiently). They are used for heat treatment, metal melting, machining operations, hydraulic fuels and, of *course,* vehicle lubrication, from factory fork trucks to tractors *and trucks. Railway locomotives* and ships are two other substantial sources.

Among the cleaner types a re-refiner likes to acquire are used sump and gearbox *oil.* A passenger transport executive's *buses is a good example.* From 1,000 gallons of virgin oil an operator may collect 400 gallons (a *lot will have disappeared* down the exhaust pipe), and the re-refiner can return perhaps 250-300 gallons to him. When the customer and re-re*finer have a "laundering"* contract, with payment only for the service, the oil remains the property of the customer throughout. An alternative *method is for the re-refiner or* recoverer to return the oil as fuel oil. He may also turn it into a cleaned base oil, perhaps suitably blended with new oil *to achieve a desired viscosity,* for general sale, possibly under his own brand name, or he can send the base oil to a blender.

A lot of used oil from factories and other sources is badly contaminated with swarf, solvents, acids, the products of *combustion,* water *and other* wastes. Removing the solids and then other rubbish is basically a filtering process and most companies in the industry stop there, merely turning the oil into acceptable *fuel oil, and disposing of* the residue in a local authority land fill.

More of such oil could be brought back to original specifications, as the three re-refiners do. But the demand for *fuel oil, for factory heating and* other applications, is substantial and likely to remain so. Stopping at this stage is generally more profitable than completing them all. The outright re-refiners complain that the *margins between full and part* recovery are too small and believe that without some practical help from the Government their side of the operations will remain *smaller than* it could be. "The trouble is that the principle of oil *recovery is based on pollution* and environmental considerations and not on true conservation. That seems to be true also of the Common Market atti*tude," one re-refiner said.*

The British Government accepts that recovery of spent *oil will contribute to the en*vironment. But it relies almost entirely on exhortation and health *and safety* legislation to do the job. Several local authorities, *such as the West Mid*lands, Greater Manchester, Oxford and West Yorkshire have, or are planning to have, collecting tanks, and will consider helping voluntary collection schemes like those for aluminium cans and bottles. But Esso had to drop a scheme for a refund on used oil *returned to garages for* lack of interest. The only incentive *for the industry is that Customs* and Excise do not charge duty on recovered oil a second time. The drawback is that is worth only 2.5p a gallon.

*The Government is consider*ing the tightening of specifications for fuel oil in line with EEC thinking. The Chemical Recovery Association, which represents re-refining interests, is trying with support from the Department of Environment to establish minimum standards *for small oil burning equipment* using spent oil, and for fuel oil specifications, especially in relation to burning in confined spaces.

In Germany, where the importance of oil conservation has been recognised since before World War Two, the industry appears to be better organised, and more used oil is re-refined. A levy is charged on sales of certain lube oils and put into a fund to support the cost of collecting and disposing of waste oils. The subsidy amounts to DM 120 per tonne refined, with DM 100 for fuel oil and an extra DM 26 for having properly equipped control rooms. Re-refining is done under contract to the Federal Office. This incurs certain obligations, such as no charge for collection in assigned areas for more than 20 litres of up to 10 *per cent* purity. When the UK Government has suggested similar help, the reciprocal obligations have been turned down by the industry.

In France there is a subsidy from an internal tax on virgin oil, as well as VAT amounting to FFr 270 a tonne. For a while, also, re-refined oils carried VAT only, but this failed to stimulate demand. In November a decree was issued to regulate the *recovery of used oil; the country* was divided up into areas for approved re-refiners. The European Commission also advocates this course, but nothing concrete has emerged. The UK Government is also prepared to divide up the country for collection, but this *would carry obligations* that the industry has refused.

Nuclear industry tackles self-control

BY DAVID FISHLOCK, SCIENCE EDITOR

THE British nuclear industry is commissioning the first part of a £2m investment in large-scale facilities for testing, full-scale, a new technology which it believes is bound to arouse widespread interest in the chemical processing industries as well. This is a way of controlling the flow of fluids without introducing moving parts such as conventional valves and pumps. It harnesses the hydro-dynamic properties of the fluids themselves.

The new power fluidics laboratory at the Springfields factory of British Nuclear Fuels will be the largest testbed for the technology to be found anywhere in the world. Next year Springfields will be able to try its ideas out on radio-active liquors.

The nuclear industry believes it will recoup the investment with a handsome profit if, as it hopes, the technology is chosen to control the flow of radio-active and highly corrosive fluids through the new thermal oxide reprocessing plant (THORP) under construction at Windscale. THORP is the £600m plant, plans for which were investigated at the Windscale public inquiry, and were finally approved by the Government two years ago. In the next couple of years, before THORP's design is finalised against a 1987 starting date, the engineers expect to demonstrate that power fluidics has mastered a process which calls for about 2,700 separate pumping systems.

Nightmare

"We have some rather difficult pumping problems, where conventional pumps just cannot be considered," admits Dr. Bill Wilkinson, assistant director of research and development for British Nuclear Fuels. In the past this industry has relied heavily on steam-injector pumps —which have no moving parts— to move its more noxious liquors. The problem has been that some of these liquors can approach boiling point under accident conditions, and the bubbles of steam can choke the pump. This limitation has serious implications for safety if the pump is on standby for possible emergency action.

But Dr. Wilkinson, lately returned to nuclear matters from the chemical industry, says control of chlorine is also a "nightmare" for chemical engineers at present. ICI's Mond division at Runcorn has a graveyard of corroded chlorine control valves.

Mr. Bob Jackson, engineering director of the UK Atomic Energy Authority's Northern Division, sees the non-nuclear opportunities of power fluidics opening up rapidly in the next year. He cites the recent demonstration his engineers gave one company which prompted the company's staff to produce 20 potential applications. They have caught the interest of companies trying to process such intractable "liquors" as yoghurt and fruit-and-nut chocolate.

Excited

More than a decade ago the engineering laboratories of the UK AEA at Risley began to investigate a new control technology known as fluid logic. Fluid logic, during the 1960s, had excited such companies as IBM, which saw it as a potential rival to the miniaturisation of electronic control circuits. Advantages promised included the simplicity of manufacture and the fact that such circuits could not be upset by external influences such as electrical or nuclear radiation.

So rapid was the development of microminiaturised electronics, however, that fluidic controls, for all but a few uses, failed to compete. But the UK AEA engineers, originally drawn to fluidics for control of processes in situations where the radiation could upset electronic circuits, saw opportunities for much bigger fluidic components, capable of providing the chemical processing circuit itself with an intrinsic system of control, free from all moving parts. Three British universities (Sheffield, Cardiff and Durham) also made important contributions to establishing the theory of self-control by power fluidics.

The basic principles of power fluidics are easy to follow. The technology harnesses three phenomena peculiar to a fluid in motion. All three have been recognised for many years. One is the vortex or swirling effect, demonstrated by bathwater as it disappears through the outlet pipe. A vortex amplifier or vortex valve is simply a flat cylindrical chamber, with a radial inlet port and an axial outlet port. The incoming fluid swirls round the chamber before leaving, setting up a pressure opposing and throttling the main inlet flow. So it acts as a valve. The amount of throttling can be varied by having a small port tangential to the main inlet flow. A small change in the flow through this port then produces a large influence on the main flow—in other words, an amplifying effect.

Another fluid phenomenon is the Coanda effect, which uses the propensity of a fluid to attach itself to whatever it may be flowing past. If the fluid is flowing towards the fork in a forked pipe, it will tend to attach itself to one wall or the other and thus flow down one leg of the fork. But if jogged gently by a small pulse of fluid at right-angles to the main flow, the main stream will flip and re-attach itself to the opposite wall. It will thus be diverted down the other leg of the fork. In other words, the Coanda effect provides a simple two-way valve needing no moving parts to operate it.

The third fluid phenomenon is jet entrainment. When a jet of fluid is allowed to expand as it flows coaxially in a circular passage immersed in the process fluid, it entrains and accelerates some of the process fluid. In other words, it can be made to behave as a fluidic pump. One kind of fluidic pump takes the form of two nozzles mounted axially in a cylindrical pipe, into which the process fluid is being fed. One nozzle—called the "driver"—is connected to the base of a vessel to which a cyclic air pressure can be applied. The other—called the "diffuser"—is coupled to the outlet pipe. When pulses of compressed air are applied, fluid is forced through the driver, entraining the process fluid and driving it out—again without the need for any moving parts to the pump.

Far from easy

Using various permutations of these three phenomena, the UK AEA engineers led by Mr. John Golder, chief instrument engineer, are developing a family of novel engineering components, designed and tested to nuclear standards of dependability. Many have been made by sub-contractors specialising in the fabrication of stainless steel. About a dozen power fluidic components, including pumps, are already built into the new chemical reprocessing plant at Dounreay for spent fuel from the prototype fast reactor, which will shortly start treating the first fuel from this reactor.

But the engineers admit frankly that scaling up the technology from quarter-inch diameter experimental components to parts for full-scale plant has proved far from easy. They learned that the difference between prediction founded on theoretical calculations and reality could be a factor of ten in performance. One component designed for the Dounreay plant just did not work and had to be abandoned.

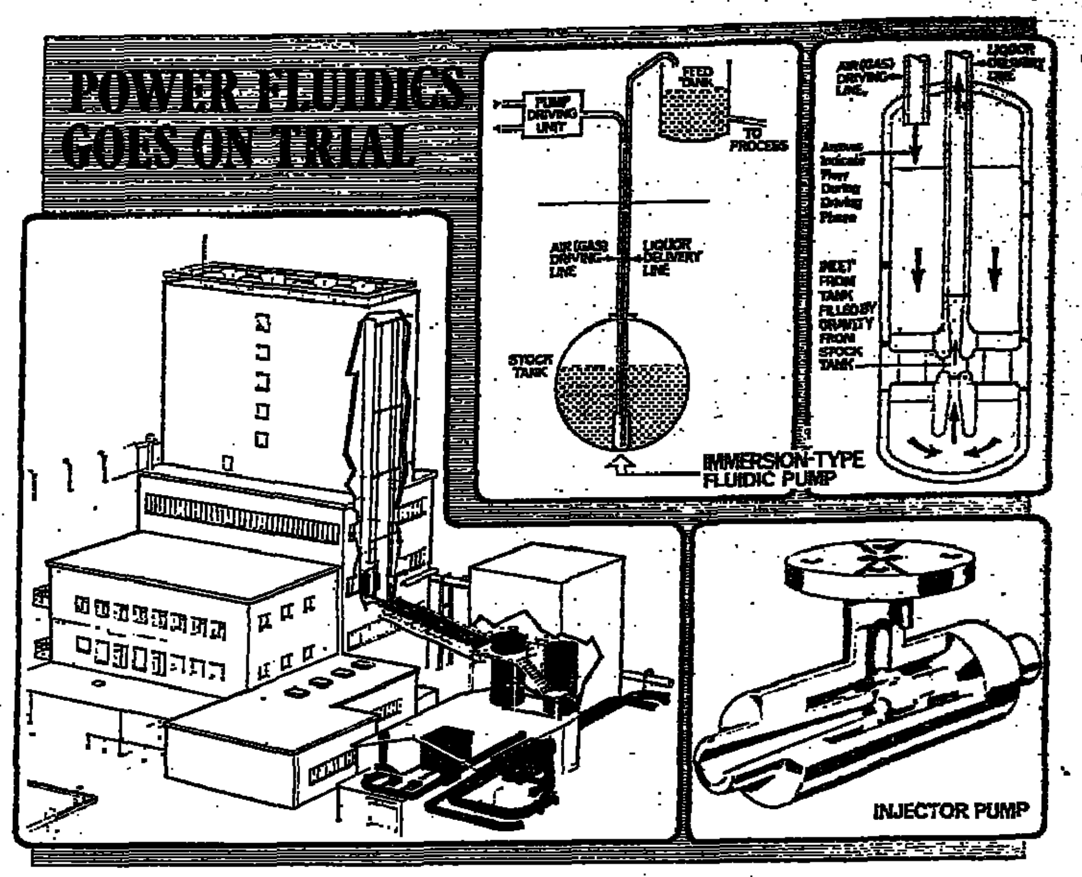
But so promising was power fluidics held to be that they authorised the investment in big test rigs to try out designs at full size before embarking on manufacture. British Nuclear Fuels has shouldered most of the expenditure at Springfields, about £2m for two rigs called HALES (highly active liquor evaporation and storage) and VOSL (vacum-operated slug lift). Both are intended to operate with radio-active liquors and to demonstrate new ways of circulating hot, radio-active liquors in the new reprocessing plants for both Magnox and oxide fuel at Windscale.

The UK AEA will be carrying out the development programme. It expects to be running the first of these rigs, HALES, later this year, to test a design of fluidic pump as part of a novel fluidic system for emptying tanks storing highly radioactive waste liquors from the reprocessing operation. But while this rig, in a test tower 40 ft high, is being constructed, the engineers are exploring the system initially on a rig using water, built by the UK AEA at a cost of about £250,000. Fluidic pumps can be dangled into water tanks. The rig allows fluidic pumps to be demonstrated raising water to a height of up to 100 ft. It also shows that they will continue to pump at temperatures of 90 degrees C—a temperature which could possibly be reached if all cooling failed on a storage tank for highly radio-active waste liquor. The steam ejector pumps installed today for use in an emergency would have difficulty operating at temperatures greater than 70 degrees C without becoming choked by steam.

Ventilation

The second of the active liquor rigs, VOSL, will be used to optimise the operation of a complete fluid handling system, using radioactive uranium liquors to simulate working conditions as closely as possible. If the fluidic technology that the VOSL is designed to demonstrate should prove satisfactory, the total saving for THORP is put as high as £12m-15m.

In fact, the UK nuclear industry has already built up considerable confidence in its own skills in designing fluidic control systems in a completely different situation, namely control of the ventilation for situations where people are handling radio-active materials such as plutonium. The UK AEA has already installed about 50 ventilation systems in which the vortex amplifier is used as a "self-regulating, self-activating servo" to protect operators against, for example, the collapse of a cabinet or area in which radio-active substances are being handled. As a control valve, the fluidic valve responds to the change in pressure in just a few thousandths of a second, opening up far faster than any mechanical valve could manage, to maintain the reduced pressure. The entire ventilation system for the new Dounreay reprocessing plant has been based on such a fluidic control system.



The newly-commissioned power fluidics laboratory of the UK Atomic Energy Authority at Springfields near Preston, with the first of three test rigs, over 100 ft tall. This tests components such as the immersion-type fluidic pump illustrated above.

Every Tuesday and Thursday £23 per single column centimetre - Min. 3 cms

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

For information on rates, sizes and space availability contact John Wisbey Financial Times 10 Cannon Street, EC4P 4BY

Keyser Ullmann

can provide

Finance for Commerce and Industry

–for large or small companies in sterling or foreign currencies.

Ask Keyser Ullmann Limited

25 Milk Street, London EC2V 8JE
Contact
The Banking Managers
Telephone 01-606 7070 Telex 885307
Regional offices in
Birmingham, Manchester and Newcastle

Keyser Ullmann
Merchant Bankers

Gresham Trust

Where the successful private company feels at home.

How can a merchant bank help a private company?

We are a long established merchant bank specialising in the financing of private companies.

Do you need to increase your overdraft or should you look for an increase in capital?

Are you seeking to acquire a profitable business?

GRESHAM TRUST can help. Solving problems like this is our business.

That's why we'll always listen – whatever your requirements. So don't be afraid to write or ring one of our Directors.

Why don't you do so today?

Gresham Trust Ltd., Barrington House, Gresham Street, London EC2V 7HE. Tel: 01-606 6474

Gestetner

COPYGIRL — a Gestetner enterprise is seeking Licensees throughout the United Kingdom to participate in a major expansion programme of their Reprographic Centres. Capital required will be from £15,000.

Businessmen or companies intending to diversify, who are selective in their choice of "own business" venture, will have all the commercial advantages and market support associated with Gestetner.

CopyGirl Centres provide the business community with fast printing services, together with the sale of duplicating equipment and allied supplies forming a future base for extended services.

Write or phone for further details to The Divisional Manager, CopyGirl Limited, Drayton House, 30 Gordon Street, London, WC1. Telephone: 01-388 9787/9786.

FINANCE FOR THE DEVELOPING COMPANY

Obtain details of our

Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD. Breeds Place, Hastings TN34 3DG Contact: S. E. Finch Tel.: 0424 430824

or Telephone:
London 01-638 1301. Leeds 0532 444578.
Birmingham 021-454 7962. Manchester 061-236 9777.
Newcastle 0632 614545. Nottingham 0602 598821.

Excellent opportunity to acquire a

MODERN SINGLE-STOREY MEN'S CLOTHING FACTORY

in East Yorkshire.

Designed to produce 1,000 "engineered" jackets and 3,000 trousers per week.

WITH THE MOST MODERN EQUIPMENT, MACHINERY AUTOMATIC DELIVERY SYSTEMS, WORK-AIDS AND SERVICES, EMPLOYING APPROXIMATELY 140 PEOPLE

FLOOR AREA APPROXIMATELY 28,000 sq. ft.
SITE AREA JUST UNDER 2 ACRES.
BUILT AS RECENTLY AS 1974.
TO LET OR FOR SALE

Write to: Chairman,
MAENSON CLOTHES LTD., Whitehall Road, Leeds LS1 1NP.

COUNTRY CLUB OPPORTUNITY

Businessman with substantial Mansion in secluded beautiful countryside, 50 miles from London, seeks association with established London Club and/or Restaurant/Hotel owner(s) with a view to establishing elegant country club/exclusive small hotel/restaurant.

Please reply to the Advertiser, Box G5597, Financial Times, 10 Cannon Street, EC4P 4BY.

Attention Carpet and Furniture Retailers

Old established small private company with furniture tax losses and substantial cash resources requires to meet other Furniture/Carpet companies, private or public, for merger/reverse takeover or complete takeover. Must be in London or Home Counties.

Write Managing Director, Box G5608 Financial Times, 10 Cannon Street, EC4P 4BY

NORTH SEA OIL

Aberdeen-based computer software house, swamped by enquiries, seeks £80,000 as a minority investment, for purchase of in-house computers. Rapidly expanding, largely oil-related business. Agencies already awarded by leading micro and minicomputer manufacturers. *Write Box G5599, Financial Times, 10 Cannon Street, EC4P 4BY.*

80s—PROFIT OR SURVIVAL?

Are your salary and wage structures ineffective?
Are your overheads and indirect costs to high?
Are your productivity and profits too low?
IF THE ANSWER TO THE ABOVE IS YES
Then our comprehensive 'in plant' approach to corporate productivity schemes will help you.
WE SPECIALISE IN SMALL/MEDIUM COMPANIES
For further details contact:
MANAGEMENT ADVISORY SERVICES - BRIDGEND 5191

FOR DISPOSAL

ASSETS and BUSINESS as a GOING CONCERN of an ELECTRONICS ENGINEERING CONTRACTOR

based in the North East Midlands area
Turnover approximately £1.4 million per annum
Experienced management and skilled labour force available, together with order book

Write Box 22413
REYNELL & SON LTD.
Eldon Chambers, 30/32 Fleet St., London EC4Y 1AA

WOLVERHAMPTON

As a result of compulsory purchase the opportunity arises to acquire the

PLANT, MACHINERY AND GOODWILL of a Well established and Profitable Aluminium Die Casting Company

Average Annual Sales exceed £300,000

Full particulars, including audited accounts, schedules of plant and machinery and dies, from:
WALKER BARNETT & HILL
3 Waterloo Road, Wolverhampton
Telephone: (0902) 771511 - Ref. RCM/PV/1998

MAJOR EUROPEAN TANNING GROUP

Producers of high quality calf leathers and suppliers to major shoe manufacturers worldwide—are proposing reorganisation in their representation in the UK market. Consideration would be given to the appointment of exclusive agents or distributors with warehousing conveniently located for supplying UK shoe manufacturers. Proposals are invited indicating facilities available and the companies already represented.

Please reply to Box G.5579, Financial Times, 10, Cannon Street, EC4P 4BY.

Sales organisation required

to cover the whole of the UK for the sale of our

WARMEX AFTER BATH BODY DRYER

The machine has received an award by the Design Council and is included in their Register, and is BEAB approved. This is a unique opportunity to acquire a lucrative representation, and we would like to hear from appropriate firms.

Write Box G5552, Financial Times, 10 Cannon Street, EC4P 4BY.

CHINA

City Traders with long established connections in China and sole import representatives for some products, has a Director with many years personal contacts visiting Trade Fair again in April. Would be willing to undertake commissions on behalf of UK firms wishing to enter the Chinese market. Principals only.

Please contact: Mr. J. V. Hales, Wynmouth Lehr & Fatoils Ltd., Kemp House, 168 City Road, London, EC1. Telex 26293. Phone 253 5871

SHEET METAL PRODUCTS

IF YOUR PRODUCT IS MADE FROM SHEET METAL, WE CAN HELP MAKE IT FAR QUICKER AND FAR CHEAPER . . .

● NEW FULLY COMPUTERISED COMPONENT SERVICE ● ELIMINATE TOOLING INVESTMENT ● 100% TAX ALLOWANCE ● £½m CNC MACHINERY AT YOUR DISPOSAL ● TOTAL ACCURACY OF + OR – 0.005in. ● SPLASH LEAD TIMES

We can cut, punch, fold, weld and even spray faster and cheaper than you can. You will be amazed at the savings.

Contact us and save yourself cash and time
MARTIN ROBERTS LTD.
Sheet Metal Components Division, Sittingbourne, Kent.
Tel: (0795) 76161 - Telex 965639.

CATLEY ABBEY NATURAL SELTZER

Interested parties (e.g., supermarkets, retailers, chemists, exporters, etc.) seeking their own UNIQUE spring water. HIGHEST MINERAL CONTENT of any UK spring water. £8,000 spent on feasibility study promises £¼ million sales first year. We want someone to extract, bottle and distribute for us under licence. Location Rural Lincolnshire. Write Box G.5612, Financial Times, 10, Cannon Street, EC4P 4BY.

U.S. REAL ESTATE

Investments from £20,000 to £1 million

We specialise in the acquisition of income producing property in the growing areas of the USA and Canada. Parties interested in considering office buildings/industrial investments/apartments, many with potential for condominium conversion, as either individual owners or joint partners, please call our London agents on 01-629 8152 or write directly to:
PRICE, WALKER & ASSOCIATES 1090 W. Georgia Street, Vancouver, B.C., Canada.

SWISS COMPANY

We offer a complete confidential business service, specialising in taxation, company administration, etc.

Promotel SA Dept. Coft
3 Quai du Mont Blanc
Geneve
Tel. 31-16-03 Telex 23605

GENEVA

Full Service is our Business

- Law and Taxation
- Mailbox, telephone and telex services
- Translations and secretarial services
- Formation, domiciliation and administration of Swiss and foreign companies

Full confidence & discretion assured
BUSINESS ADVISORY SERVICES
3 rue Pierre-Fatio, 1204 Geneva
Tel: 36 05 40 - Telex: 23342

LIMITED COMPANIES

Is your company limited by lack of finance? Why not advertise on this page. This size £92 per insertion on any Tuesday or Thursday. Write, giving name and address of your accountant or solicitor to:

John Wisbey, Financial Times, 10 Cannon Street, EC4P 4BY.

WE CAN SCREEN YOUR BUSINESS INTERESTS ON PRESTEL TODAY! AND PROVIDE YOU WITH A FREE PRESTEL SET

BTV International

LIFT MAINTENANCE

24-HOUR RADIO CALL

Full repair backup facilities. New Lifts. Modernisation. Repair. Lift car interior refurbishments. Serving London, S.E. England.
Tel.: Romford (3) 751144
EASTON ELEVATOR CO. LTD.

INSTRUMENT MANUFACTURERS

Small instrument manufacturing company situated in the South requires injection of capital to fund its rapidly increasing home and export order book. Will offer equity. *Write Box G5607, Financial Times, 10 Cannon Street, EC4P 4BY.*

PROPERTY DEVELOPMENT

TAX LOSSES REQUIRED

UP TO £250,000
Phone: 01-778 5469

SMALL ESTABLISHED CARIBBEAN-BASED STEAMSHIP AGENT/OPERATOR

Seeking additional equity for expansion of existing business and new projects. Would ideally suit large shipping or industrial group. Business established in lucrative tax location. Interested principals only write Box G.5415, Financial Times, 10, Cannon Street, EC4P 4BY.

You want good literature

That's a statement not a question. You want it well written, well designed and well printed. If you get it you'll be in a minority. Our clients are in that minority. Join them.

J. L. PRINT AND DESIGN
81 Berwick Street, London, W1
01-437 4620

ENERGY OPPORTUNITIES

American representative of important U.S. Gas/Oil/Coal prospects seeks interested parties in Europe. Fully documented presentations on three energy situations are ready for perusal by right people. *Write Box G5602, Financial Times, 10 Cannon Street, EC4P 4BY.*

FREE TAX HAVEN report. M.B.S. (164), 9 Westminster Palace Gardens, Artillery Row, London, SW1. Tel: (01) 222 4867.

CASH FLOW PROBLEMS SOLVED. For details telephone Bill Petrie, Guildford (0483) 211055 or 01-581 2200. W. J. BERRY SERVICES LTD., Willow Lodge, Orchard Way, Send, Surrey.

£14 A WEEK FOR EC2 address, combined with phone messages and telex under £4 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex 8811725.

NEW MARKET/PRODUCTS? For details of monthly list of overseas firms seeking to trade with U.K., write Dept. F, 16, Selvage Lane, London, N.W.7.

MARKETING INVESTMENT

Marketing new investments is expensive, time consuming and not always successful.

Allend Ltd. and its professional sales team operate in England, N. Ireland and Republic of Ireland and guarantee results.

We are successful and trusted! This is your opportunity to allow us to examine your contribution to the world of investment and introduce yet another sound financial idea to our selective and discerning clientele.

allend

80 High Street, Belfast BT1 2BG
Tel: (0232) 38688/38689

Distribution and Marketing Service

The principals of this newly-formed Company have 20 years' experience in marketing and distribution. We offer a complete service and immediate payment to the smaller manufacturer. Preferred product groups are hardware, household textiles, D.I.Y., toys, motor accessories and general consumer goods. *Write Box G5601, Financial Times, 10 Cannon Street, EC4P 4BY* Please telex Germany 527308 or write Box G5598, Financial Times, 10 Cannon Street, EC4P 4BY.

FINANCIAL SERVICES FOR THE INDEPENDENT BUSINESS

Fairfold Securities Ltd. offer a range of financial services including the preparation of applications for finance, loans and venture capital and are able to introduce appropriate sources of funds. We are seeking suitable business for partial or outright sale and would be pleased to advise on acquisitions or mergers. Our service is supported by many years of practical commercial experience—we will not waste your time and will be pleased to arrange an introductory interview without obligation if you will contact us by telephone on 01-930 3779 or write for our brochure at: FAIRFOLD SECURITIES LIMITED, Westcombe House, 56/58 Whitcomb St., London WC2H 7DR

f.m.c.d. MORE PROFIT

from your Marketing Team

The true cost of your marketing team may not be justified by the sales potential of your products. Selling through Brokers may be much more cost-effective and may lead to maximising your profits. We are a dynamic firm of Brokers with excellent connections throughout the Grocery and Allied trades selling nationally a range of UK and imported lines. Expanded resources now enable us to effectively service a limited number of new accounts. For further details write in confidence to Box G5603, Financial Times, 10 Cannon Street, EC4P 4BY.

MONEY AVAILABLE FOR MORTGAGES?

COMMERCIAL, RESIDENTIAL AND INDUSTRIAL
£10,000 - £1M.
Competitive Rates
SELECTALOAN, HIGHCLERE, MARKSON RD., S. WONSTON, HANTS SO21 3EZ
Tel.: 0962 - 883167
(Any day until 10.00 p.m.)

MEXICO

Seeking an opening for business in MEXICO? Fully bilingual businessman with Masters Degree from U.K. University and working experience in U.K. and Mexico, invites U.K. based contacts/partner. Mexican resident. Will be in London during April.

Contact:
A. Hernandez, Leibnitz No. 138-2, Mexico 5, D.F., Mexico
Telephone: Mexico City 545 8606
Telex (Public): 1773 (TCPLME)
or L. Belaban, Flat 5, 106 Lansdowne Gardens, London, W8
Telephone: 01-370 4573

HOUSEBUILDING COMPANY/HOUSING DEVELOPMENT LAND

National firm of housebuilders with strong financial backing seeks to expand by acquisition of Companies with a land bank of a minimum stock for 200 units. Alternatively land is urgently required in most parts of England and Southern Scotland.

Replies in confidence please to: Box G5609, Financial Times, 10 Cannon Street, EC4P 4BY.

ENERGY CONSERVATION

An International Company, dedicated to Energy Conservation, is interested to receive applications from manufacturers of associated equipment and products who require exclusive Agent/Distributor in UK and overseas, covering industrial, commercial, domestic and automotive fields.

Please reply in confidence to:
ENERGY CONSERVATION MANAGEMENT LTD.,
33 Eastcheap, London, EC3M 1DT.
Tel: 01-626 5546. Telex: 8813349.

WHO NEEDS WHAT IN BRITAIN?

Publisher wishing to promote technology transfer in UK and between the UK and other countries intends to produce a compilation of products required for UK firms. Send details of licences offered or sought to Box G5611, Financial Times, 10 Cannon Street, EC4P 4BY. All licence notifications will be coded to preserve confidentiality.

SERVICE COMPANY FOR SALE

Easy to operate. Producing profits in excess of £175,000 p.a. Projected £300,000 with substantial property assets. Invite offers in excess of £600,000 in quoted shares or cash.
Write Box G5604, Financial Times, 10 Cannon Street, EC4P 4BY.

New Engineering Product

Design firm has high efficiency Torque Converter (Gearbox) ready for preliminary production. Market investigation shows clear demand. Proposition would suit firm looking for engineering products. £25,000 required for tooling, etc. Patented. Licences available all areas, Europe. Write Box G5605, Financial Times, 10 Cannon Street, EC4 P4BY.

CAPACITY AVAILABLE

FOR ADDITIONAL PRODUCTS

Sheet Metal work, Cabinet and Locker production, optional heater fluid; Presswork, Forming, Welding, Stove Enamelling—5/10 tonne weekly. 24,000 sq ft Production and Assembly Area. South Humberside.
Tel: (0724) 843282. Mr. B. Copley.

FOR SALE

TEXTILE GARMENT DECORATION AND SCREEN PRINTING BUSINESS

Location East Midlands
Annual sales £400,000
Principals only contact:
MR. T. L. ADAM
Tel: 0455 38133. Telex: 34406.

Up to £500,000 available

from established English interests for cash injection into substantial company.

Major shareholding required.
Please reply in confidence to:
The Chairman, Goldhill House, Golden Green, Tonbridge, Kent.

ENTREPRENUER

with projects ranging from inflatable Grain Silos to Revolutionary Building products, owner of a furniture factory, seeks colleague with a clever and ordered mind to expedite joint ventures.

01-794 3436 Mr. Magill
28 Eaton Ave., NW3.

INVESTMENTS IN AMERICAN AGRICULTURAL LAND

We provide a complete service for managed investments in American agricultural land for the overseas and land investor.

Willoughby Management Co.
246 E. Sycamore Street
Columbus, Ohio 43206
614-221 0196

CAPITAL LOSSES

Two private companies for sale able to offset Gains in excess of £600,000 and £130,000. Available together or separately.

Write Box G.5613, Financial Times, 10 Cannon Street, EC4P 4BY

If you Own or are Purchasing any type of Modern OCEAN-GOING VESSEL then our management subsidiary of currently Britain's most successful shipowning group will manage your vessels with the same care and consideration as their own under either British or foreign flag. Write Box G3060, Financial Times, 10 Cannon Street, EC4P 4BY.

YOUR CHANCE TO SUCCEED IN THE GERMAN MARKET

An expanding and known West German company for new English products in the Leather, Fashion and Giftware trades seeks interested, able and financial strong partner to increase market share. Please telex Germany 527308 or write Box G.5598, Financial Times 10 Cannon Street, EC4P 4BY

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

PROPOSED ACQUISITION BY BLUE CIRCLE INDUSTRIES LTD OF ARMITAGE SHANKS GROUP LTD

On 29 February 1980, Mr. John Nott, Secretary of State for Trade, referred to Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act, 1973, the proposed acquisition by Blue Circle Industries Ltd of Armitage Shanks Group Ltd. The Commission is required to make its report by 28 August 1980.

Any person or organisation wishing to give information or views on the proposed acquisition should write as soon as possible to:
The Secretary,
Monopolies and Mergers Commission,
New Court,
48 Carey Street,
London WC2A 2JT.

Lease Containers through one of Europe's largest Container Managers

ICCU MANAGE OVER 20,000 CONTAINERS WORLDWIDE

ICCU, a leading European container leasing organisation, manages containers on behalf of private owners. ICCU lease, the containers direct through its own world wide leasing organisation and obtains the highest possible rate of utilisation.

For individuals or companies who already operate in this field or who are contemplating this market, please complete and forward the coupon below.

Please send me details of ICCU Container Leasing

NAME
ADDRESS

Tel. Home
Office

ICCU, Millard House, 5 Exchange Buildings, Cutler Street, London E1 7DU.

BUSINESSES FOR SALE

BUSINESSES FOR SALE AND WANTED APPEAR EVERY FRIDAY

AT A COST OF £23
per single column centimetre (min. 3 cms)
(min. 3 lines)
or £7.00 per line

For further details or information contact:
DIANE STEWARD ON 01-248 5284
or write to the
Classified Advertisement Department
THE FINANCIAL TIMES,
Bracken House, 10 Cannon Street
London EC4P 4BY

INTERNATIONAL ASSOCIATION

of businessmen offers unique advantages to those wishing to do business or invest overseas. Contact the regional office of the MERCHANT BROKERS EXCHANGE
9 Westminster Palace Gardens
Artillery Row, London, SW1
Tel: 01-222 4867

PROPERTY REVERSIONS

Buyers wanted for private properties occupied by over 70s (Kent, Essex, Sussex). Very suitable family trusts and pension funds. 35% to 66% valuation. No rents. No outgoings. Write:
Lordale Property Reversions Co., 35 Station Road, Herne Bay, Kent.
Tel: 02273 4639.

INVESTORS WANTED

Merchant Bank—Institutions—Corporate—Individual. Join U.S. acquisition specialist with 20 years' experience and own capital to acquire controlling interests in U.S. Public Companies with net worths ranging between 2m and 100m. Principal will be in London and Continent early April.
Write Box G5600, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE

COUNTRY CLUB IN BRISTOL AREA

Valuable and extensive land and buildings — established membership with very high potential. Offers in excess of £500,000 required.
Write Box G5520, Financial Times, 10 Cannon Street, EC4P 4BY.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

ACQUISITION

We are a successful manufacturing company and wish to acquire additional companies with good management and a reliable workforce with T/O not less than £500,000. We are looking to purchase a controlling or whole interest and are in a position to give an early decision.
Write Box G5479, Financial Times, 10 Cannon Street, EC4P 4BY.

PRODUCTION CAPACITY

MEDIUM SIZE COMPANY

with capacity for sheet metal work and wiring assembly requires immediate sub-contract work.

Tel: 01-261 1677

SELLING PLANT OR MACHINERY?

OR WANT TO GET OUT OF LEASING?

I can often reduce the impact of taxation. For this no cure/no fee service send brief details to:
Box G5610, Financial Times, 10 Cannon Street, EC4P 4BY.

LIQUIDITY PROBLEMS

Costs rising. Margins shrinking. Sales receding. Falling profits. Cash short. Bank pressing for reductions. Debtors slow paying. Creditors pushing? Experienced consultant with financing and reconstruction abilities is prepared without initial fee to assess suitability for assistance. Write without obligation to Box G.5333, Financial Times, 10, Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS FOR £85 INCLUSIVE READY MADE £95 COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.
Epworth House,
25-35 City Road, London, EC1.
01-628 5434/5, 7361, 9936.

PLANT AND MACHINERY

LARGEST STOCK of high class used Fork Lift Trucks in the country, ready for immediate use. Bargain of the week, Reach Trucks fitted with new cable battery guarantee. Prices £2,000, £2,450, £2,900. Prices negotiable with Les Judd our M.D. List and photographs available upon request. Deliveries anywhere arranged with pleasure. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Saltley, Birmingham. Tel: 021-327 5944/5. Telex 337052.

ASSEMBLY AND Q.C. TESTING

Company in S.W. London specialising in Quality Control Testing, Assembly and Servicing of electrical and electronic equipment have spare capacity. Currently carrying out work for some of the leading manufacturers and importers of equipment in the UK. Phone Mr. Marks or Mr. Jeenes on 01-737 3677.

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM
Lease 3 years from under £5 weekly
Rent IBM typewriters from £28 per month inc. full service
Tel: 01-641 2365

ESTABLISHED

INDEPENDENT RECORD COMPANY

with world-wide catalogue requires investment from £3,000 for new projects. Good return.
Write Box G.5614, Financial Times, 10 Cannon Street, EC4P 4BY

FOR SALE

Well known recording studio—Central London
Leased premises
Write Box G.5615, Financial Times, 10 Cannon Street EC4P 4BY

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Sharon Steel chief in tax investigation

By David Lascelles in New York

MR. VICTOR POSNER, the chairman of Sharon Steel, announced from his Miami headquarters yesterday that a grand jury investigation has been started into possible criminal tax violations by himself, certain other individuals and certain companies he controls.

The investigation, he said, was being conducted by the U.S. Attorney for the Southern district of New York.

Mr. Posner said that he had not been able to determine the extent of the investigation, but his tax counsel had told him that if it related solely to potential tax violations, there was no reason to believe it involved anything besides matters covered by investigations in 1976-77.

At that time, Mr. Posner was investigated by the Securities and Exchange Commission and an audit committee inquiry, and as a result entered into a consent decree and paid money back to some of his companies.

Thomson-Brandt bids for GTE European offshoots

BY GUY DE JONQUIERES

THOMSON - BRANDT, the French manufacturer of consumer electrical products, has approached General Telephone and Electronics of the U.S. with an offer to purchase two of GTE's European subsidiaries.

The subsidiaries are Saba, the medium-sized German manufacturer of television sets, radios and audio equipment, and Videon, a French company which makes television sub-assemblies, transformers and other components for a variety of customers, including Saba.

No terms have been disclosed, though GTE described Thomson's offer yesterday as "very serious." The U.S. company said that it was in the process of informing employees at the two subsidiaries about the talks with Thomson.

GTE's only other television interest in Europe is a tube plant in Belgium. Thomson has not expressed any interest in purchasing this operation, and GTE, has told employees at the plant that it cannot guarantee the plant's future.

Saba, which accounts for about 8 per cent of the colour television market in Germany, suffered a sizeable loss last year. Like other German manufacturers, it has been badly hit by intensive price-cutting, and is apparently thought by GTE to be too small to survive for long on its own.

Thomson's offer for Saba and Videon represents the latest move in an ambitious strategy to build up its television interests by expanding outside the heavily protected French market. The strategy enjoys strong support from the French Government, which sees it as an important bulwark against increasing Japanese inroads into the European television market.

Thomson estimates that the acquisition would make it the second largest television manufacturer in Europe, after Philips of the Netherlands and about the same size as Grundig, which claims some 25 per cent of the German market.

The French company, which claims just under a third of its national colour television market, acquired Nordmende, another German manufacturer, in September, 1978. Normande has continued to lose money at the rate of about DM 30m a year since it was taken over, though part of this represents the cost of restructuring its operations.

Last year, Videocolor, a joint subsidiary of Thomson and RCA of the U.S., took over the television tube operations of AEG-Telefunken, the ailing German electrical giant. Since then, Thomson has been pursuing discussions on the takeover of Telefunken's other television interests.

Thomson is also understood to have discussed with Decca the possibility of taking over its television operations earlier this year. The talks could be revived in JVC of Japan, which has been considering making a bid for the Decca plant, fails to do so.

INTERNATIONAL BONDS

IBM issue completes DM foreign calendar

BY FRANCIS GHILÈS

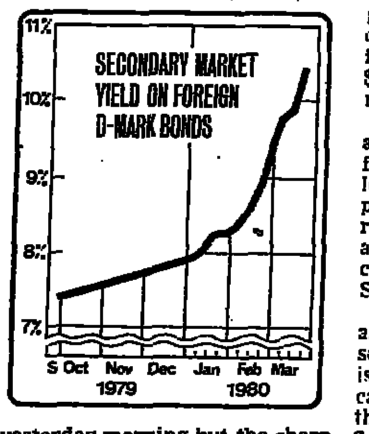
THE FIRST and last Deutsche Mark foreign bond to be launched during the next four weeks was completed yesterday: IBM has arranged a private placement of DM 100m for six years with Deutsche Bank. The borrower is paying a coupon of 10 per cent, the highest in this sector for many years.

This issue for IBM was the only one agreed yesterday by the German Capital Markets Sub-Committee which meets once a month to decide on the calendar of new issues of foreign Deutsche Mark bonds. Not since the new issue market for such issues was closed in May-June 1978 has the calendar been so slim.

Last month, the agreed calendar of DM 580m was cut to DM 380m as the German banks faced an uphill struggle to place new D-Mark denominated paper. Last week Deutsche Bank resorted to numbering the bonds of a DM 200m issue it arranged for Sweden in order to control the distribution of the issue. The allotments it made to the underwriters were tight and the two measures combined to prevent the issue for Sweden falling in the secondary market. Yesterday it was quoted at a slight discount from its issue price of par.

GERMAN CAPITAL MARKETS SUB-COMMITTEE

Date of meeting	Volume of new foreign D-Mark bonds (DMm) approved	issued
Oct. 22	450	575
Nov. 13	400	500
Dec. 21	1,200	1,240
Jan. 28	640	450
Feb. 25	580	380
Mar. 24	100	—



Record high short-term dollar interest rates coupled with the strong performance of the U.S. currency against the D-Mark have made D-Mark bonds, be they foreign or domestic ones, look unattractive as an investment for the time being.

Prices of foreign D-Mark bonds were virtually unchanged yesterday and dealers in Frankfurt described the market as "quite dead." Many foreign D-Mark bonds are now yielding above 10 per cent. Domestic D-Mark bond prices also settled down after the falls posted last week and the Bundesbank did not have to intervene to support the market.

Dollar denominated bonds ended the day on a weak note. The mood was already morose yesterday morning but the sharp falls recorded in the domestic U.S. bond market when it opened later in the day pushed prices down further yesterday afternoon in European centres. Prices recovered later, in line with what happened in New York.

Last week's announcement that the U.S. Treasury would need to sell nearly $40bn in coming weeks continues to hang heavily on the market and convinced investors and dealers that interest rates would remain high for the foreseeable future.

Early market reactions suggested that the first tranche of the proposed $500m tap issue for Sweden, which amounts to $125m, was receiving a fair reception.

A ne wconvertible is being arranged in the dollar sector for Denki Kagatu Kogyo, a leading Japanese chemicals and plastics firm. The borrower is raising $15m for 10 years with an indicated coupon of 11 per cent. Lead manager is Nikko Securities.

Two convertibles are being arranged in the Swiss Franc sector: a SwFr 50m five year issue for Nissan Diesel which carries a coupon of 6¾ per cent through Daiwa (Europe) and Swiss Bank Corporation and a SwFr 30m five year bond for Denki Kagatu Kogyo which carries an indicated coupon of 6¾-7 per cent through Paribas (Suisse). Secondary market prices of Swiss Franc foreign bonds posted gains of around ½ per cent yesterday in thin trading.

The next issue in the French Franc sector is expected to be announced later this week for Electricite de France. The amount of this issue, which is expected to include a coupon around 14½ per cent, could be as high as FFr 400m.

EUROCREDITS

Belgium seeks another big loan

By Peter Montagnon

BELGIUM IS seeking another jumbo-sized Eurocredit. The Ministry of Finance has awarded a mandate to the country's four leading banks to organise a deal amounting to "about $1bn," according to bankers in Brussels, although it is understood that the final amount could be higher.

Rumours of such a transaction have been rife in financial markets for some weeks, prompting a denial from Mr. Gaston Geens, Finance Minister, last month that a major international borrowing operation was imminent.

Even now, Belgium is proceeding cautiously with the loan, and bankers yesterday were not able to confirm the exact terms on which the credit will be raised.

However, it is already clear that the operation will contain a margin of ⅝ per cent above Libor for at least some of its seven-year life, thus confirming the country's status as a prime-rated borrower on the international capital markets.

Last year, Belgium raised $1bn over eight years with a split margin of ⅝ and ½ point over Libor.

The current deal will be offered for general syndication, unlike the last one which was arranged on a more limited "club" basis.

The bankers in Brussels said that if syndication is successful, the amount would be raised above $1bn, although Belgium does not wish to squeeze the market and is certainly not currently planning to raise as much as $1.5bn, as had been rumoured in some quarters.

A question-mark over the issue will be the willingness of U.S. banks to participate at what have become for some of them untenably low spreads.

This, coupled with the general uncertainty of the medium-term credit markets following the Soviet invasion of Afghanistan and the U.S. freeze of Iranian assets, perhaps explains the reluctance of the banks involved to comment in concrete terms on the loan at this stage.

Final details should, however, be available later in the week. The loan is managed by Banque Bruxelles - Lambert, Société Générale de Banque, Kredietbank and Paribas Belgique.

The Belgian Government has adopted a policy of borrowing abroad not only to offset the country's balance of payments deficit, but also because of the unstable condition of the domestic bond market.

Mr. Geens said in London last month that if the condition of the domestic market does not improve, the country could borrow a total of some $2.5bn abroad during the course of this year.

Strong advance at UBAF Bank

By Michael Lafferty

UBAF BANK, the London bank in the Arab-French consortium banking group, has reported a 21 per cent increase in 1979 operating profits to £4.4m. As a result of the release of a further £1m from a "future loan loss provision" pre-tax profit is up from £3.1m to £4.8m.

During the year, shareholders of the bank, including Midland Bank with a 25 per cent stake, contributed a further £6m in new capital. This leaves shareholders' funds at £20.4m in the latest accounts. In addition, the bank has subordinated loans of £5.2m.

Further capital, in the form of £5m of share capital and £5m in subordinated loans, will be introduced in the coming year.

The bank says that the extra tranches of capital arise partly from the Bank of England proposed rules for capital adequacy. The decision to release the future loan loss provision, justified on the grounds that "he strength of the bank and the level of trading profits are such that the general provisions . . . are no longer necessary," also seem to be related to the capital adequacy issue.

During the year, UBAF Bank's total assets increased only slightly from £472m to £473m. Loans and advances of less than one year are up from 14 per cent at £45.5m, while loans and advances over one year are ahead 4 per cent at £132.1m.

Mr. M. M. Abushadi, the chairman, says that the group's future strategy and structure were reviewed during the year, "It was agreed unanimously that the existing structure is the best for achieving the objetcives of the group, alowing at the same time for the group's member companies to continue as independent, active and profitable units," he said.

EXPANSION AT PEMEX

Mexico's oil bonanza

BY WILLIAM CHISLETT IN MEXICO CITY

THE YEAR 1979 brought spectacular growth for Pemex, the Mexican state oil monopoly, which has become the linchpin of Mexico's rapidly expanding economy. Oil now accounts for almost half the country's exports.

Pemex's trade surplus, according to its annual report, was Pesos 79.2bn ($3.4bn), a 125 per cent increase over 1978. This reflected the tremendous strides made during the year in the production of crude, condensates and liquids which achieved a daily average of 1.618m barrels, a 22 per cent increase. Natural gas production was up 13 per cent to an average 2.9bn cubic feet a day and basic petrochemical production rose 60 per cent to a total of 6.3m tons of products. Proven hydrocarbon reserves rose 14 per cent to 45.8bn barrels.

For the first time Sr. Jorge Pemex, divulged the pre-tax Pemax, divulged the pre-tax current account surplus, a figure normally not given or buried in Pemex's complicated accounting system. He said that in 1979 it was Pesos 97bn ($4.2bn) Federal taxes of Pesos 47bn were paid and the rest put towards Pemex's investment programme. Pemex does not report a profit.

Mexico's oil production is now almost 2.1m barrels a day and last week it announced that proven hydrocarbon reserves had risen from 45.8bn barrels to 50bn barrels. Potential reserves, which include the proven, still stand at 200bn barrels.

The leap in Pemex's trade balance was due in great part to increased production and far higher oil prices (Mexico is not a member of the Organisation of Petroleum Exporting Countries but follows its price guidelines). Exports totalled $3.98bn and imports $540.2m.

Crude exports were $3.8bn a 117 per cent increase over 1978:

Pemex, Mexico's State oil monolopy, last year achieved substantial increases in the production of crude oil, petroleum products and gas. Its trade surplus, resulting mainly from crude exports, was up by 125 per cent from the 1978 level, and Pemex is now concentrating its efforts on exporting the more profitable petroleum products.

ammonia, $84.8m, a 32 per cent rise; liquid gas $39.2m and fuel oil $25.9m. These last two only started to be exported last year.

As a result of the greatly increasing revenue, Pemex was able to finance a greater share of its massive investment programme from its own resource. Foreign borrowing remains high, but its proportion to total income is being reduced.

Last year income totalled pesos 259bn ($11.26bn) of which pesos 184.3bn came from Pemex and the remaining 29 per cent, pesos 74.6bn, from foreign borrowing.

In 1978 foreign borrowing of pesos 51.3bn represented 31 per cent of total income.

Expenditure totalled pesos 258.8bn and included capital investment of pesos 88.4bn. Operating costs were pesos 66.1bn, federal taxes pesos 47bn and pesos 40.8bn spent to liquidate liabilities, and pesos 15bn debt interest.

Compared with 1978's costs it is clear that current expenditure is rising far more quickly than capital. While capital investment rose by 33 per cent in 1979, the cost of maintaining the elephantine Pemex bureaucracy rose by 52 per cent. Pemex has on its payroll — staff as well as contracted workers — over 100,000.

A new 56-storey building is being planned to house Pemex eployees, since the corporation is growing so quickly.

Debt interest is also rising substantially. In 1978 it cost pesos 6.8bn, 4 per cent of total expenditure, and last year pesos 15bn which represented 6 per cent of the total.

Refining output increased by 9.4 per cent in 1979 to 1.1m b/d. The rise in oil production is outstripping the increase in refinery capacity thereby limiting the value of foreign sales since most of Pemex's exports are crude oil and not the more profitable petroleum products. This is an area where Pemex is concentrating greater efforts.

On the basic petrochemical front, Pemex believes that in the next 18 months Mexico could be self-sufficient.

Domestic demand is rising faster than national production, but as with the production of crude — which has more than doubled in three years — all stops are being pulled out to raise output.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	80¾	80⅞	−0⅜	+1¼	13.82
Alex Howden XW 9½ 91	30	†70	72	+1½	0	14.98
Australian Res. 9⅜ 84...	30	84	84½	−1	−0½	14.73
Avco O/S Cap. 10¾ 87	40	75¾	76¼	0	+0⅛	16.28
Beneficial Fin. 9¾ 87...	100	80	80½	−0⅜	−0⅜	14.24
CECA Grad Rate 12 86	100	88½	89¼	−0⅜	+0⅛	14.67
CECA 11⅜ 90	50	86	87	0	+0⅜	14.24
Canadian Pacific 9¾ 89	50	80⅜	80⅞	−0½	0	13.56
Carter Hawley 9¾ 86...	50	81	81½	−0⅜	−0⅜	14.46
Comalco Inv. E. 10¾ 91	40	79⅜	79⅞	−0⅜	+1¼	13.90
Continental Grp 9⅜ 86	100	81¼	81¾	−0⅜	0	14.25
Dome Petroleum 10 94	50	78¾	79¼	−0⅜	+2⅞	13.34
Dominion Bridge 10¼ 84	30	86⅞	87⅜	−0⅜	−0⅛	14.49
EIB 11¼ 92	80	84⅜	85⅛	−0⅜	+0⅜	14.47
EIB 10.15 99	100	†72½	74	−1	−0¼	14.78
Ekportfin 11¼ 87	50	87⅜	89⅛	−0⅜	−0⅛	14.31
Export Dv. Cpn. 9¼ 84	100	83⅞	84⅜	−0⅜	−0⅜	14.85
Export Dv. Cpn. 9⅜ 84	150	84⅛	84⅝	−0⅝	−0½	14.74
Finland 9⅜ 89	100	76½	77	+0¼	+0¾	14.71
GTE Finance 9⅜ 89	55	79⅛	79⅝	−0½	+0½	13.80
GMAC 9¾ 86	100	81	81½	−0⅜	0	13.92
GMAC O/S Fin. 11 84	100	89¾	90¼	−0½	+0¼	13.99
Gould Int. Fin. 9⅜ 85...	50	83⅝	84⅛	−0⅞	−0⅛	14.54
ITT Antilles 9½ 89	75	76⅝	77½	−0⅜	+0⅜	14.16
Kennecott Int. 9½ 86...	100	80	80½	−0⅜	+0⅜	14.56
Manitoba 9½ 89	75	78¼	78¾	−0⅜	+0⅜	13.85
Michelin 10 94	125	76	75½	+0⅜	+2⅛	14.07
Nat. Des Telecm. 9½ 86	100	82¼	82¾	−0½	+0½	13.85
New Brunswick 9¾ 94	75	74⅛	74⅝	−1⅛	+0⅜	14.03
Newfoundland 10 94 ...	50	78¼	78¾	−0¼	+1⅜	13.50
Norges Komm. 9⅞ 99...	100	73⅛	73⅝	0	+0⅜	14.34
Norway 9½ 84	150	84½	85	−0⅛	−0⅛	14.89
Nova Scotia Pwr. 9¾ 89	50	79⅞	80⅛	−0⅜	+0½	13.87
Occidental Fin. 10¼ 84	50	86½	87	+0¼	+0½	14.67
Orient Leasing 9½ 86...	25	†78	78½	0	0	15.07
Pennwalt O/S F. 9¾ 84	25	84⅜	84⅞	−0⅜	0	14.91
Pepsico Cap. 9½ 84 ...	100	85	85½	−0⅜	−0⅜	14.40
Quebec Hydro 10 99 ...	75	75	75½	−0½	+1⅛	13.70
Sears Roebuck 9 82 ...	150	89⅛	89⅝	−0⅜	−0¼	15.89
Statoil 9⅝ 89	100	79	79½	−0½	+0⅜	13.68
Sweden 9⅜ 89	100	78¼	79¼	−1⅞	−0⅜	13.95
Sweden 9½ 86	200	81⅛	82	+0⅜	+0⅜	14.60
Sweden 9⅜ 84	100	84⅜	84⅞	−0⅜	−0½	14.69
Unilever NV 9¾ 87	100	79⅜	80⅛	−0½	+0⅜	13.78
Warner-Lambert 9 84 ...	100	83¾	84¼	−0⅜	+0⅜	14.26

Average price changes... on day −0⅜ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	91	92	−0¼	−2⅛	9.61
Asian Dev. Bk. 7⅜ 89...	100	80½	81½	−1⅜	−2⅜	10.55
Australia 8¼ 90	250	94½	95¼	+0⅜	−1⅛	8.92
Barclays O'seas 6¾ 89	100	78½	79½	+0⅜	−3½	10.43
BFCE 7¾ 87	100	88⅞	89⅜	+0⅛	−2	10.02
BFCE 8¼ 95	100	85¼	86	−0⅜	−2⅜	10.02
Brazil 8 87	150	85⅞	86⅜	0	−1½	10.78
CECA 7 91	150	83¼	83⅞	−0⅜	−1⅛	9.47
Council of Eur. 7¾ 89...	100	85⅜	86⅛	0	−2	9.67
Denmark 7⅞ 86	100	88¾	89½	0	−2⅜	10.44
Denmark 8¾ 92	100	85¾	86¾	−0⅜	−4⅛	10.30
EEC 7⅞ 94	225	85¼	86	−0⅜	−2⅜	9.75
EIB 7½ 89	200	83⅛	83⅞	−0⅜	−3	10.36
Finland Rep. of 8 86 ...	150	90⅝	91⅛	+0⅜	−1⅞	9.88
Kobe, City of 7⅛ 89 ...	150	82½	82⅞	−0⅜	−1½	10.05
Neder. Gasunie 8 86 ...	100	91⅜	92¼	+0⅜	−1⅛	9.61
New Zealand 7⅜ 87 ...	200	83⅜	84⅛	+0⅜	−3	10.33
Norges Komm. 7¾ 91...	150	84¾	85¼	+0⅜	−3⅜	10.06
Norway 7½ 85	250	91½	92¼	+0⅜	−0⅞	9.68
OKB 6 87	40	81⅞	82½	−0⅜	−1⅞	9.80
OKB 7⅜ 89	100	81⅜	82⅞	+0⅜	−3⅜	10.48
World Bank 7⅜ 91	400	83	83¾	−0⅜	−2⅞	10.30
World Bank 7⅞ 90	250	86½	87⅛	0	−2⅜	10.06

Average price changes... on day −0⅜ on week −2¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	86⅛	86⅞	−0⅜	+2⅛	7.55
Aumar 6 89	60	83¾	84¼	−0⅜	+1⅜	7.44
Australia 3¾ 89	250	81⅛	81½	−0⅜	−0⅞	6.40
Bergen, City of 4¾ 91..	40	82⅜	82⅞	+1	+0⅞	7.02
BNDE 5 89	75	77¾	78¼	+0⅛	−0⅜	8.50
BMW Overseas 4¾ 91..	100	82⅜	83½	+1⅞	+1⅜	6.35
Caisse Nat. Tele. 4½ 89	100	83	83½	−0⅜	−0⅜	6.84
Canada 3⅜ 89	300	81¾	82¼	0	−0½	6.31
CCCE 5¾ 90	100	95⅜	95⅞	0	−0½	6.39
Copenhagen 4½ 91	60	75⅜	75⅞	0	+2⅜	7.78
Council of Eur. 5 89	100	84½	85	+0⅜	+1	7.24
EIB 4½ 91	100	78	78½	+0⅜	−1⅜	7.41
EIB 4⅜ 94	100	78	78½	+2	+6	6.78
Elec. de France 4⅜ 89...	100	86¼	86½	+0⅜	+2⅜	6.35
GZB 4¾ 89	100	83½	84¼	−0⅜	+2⅜	6.57
Hilti 4½ 91	35	83½	84¼	+0⅜	+0⅜	6.24
Int.-Amer. Dev. 4½ 89	100	79¼	79¾	+1⅜	+2½	7.63
Jutland Tele. 5½ 90 ...	50	93	93½	+1½	+2⅜	6.44
Malaysia 5 89	80	83	83½	+0⅜	−1⅛	7.51
Nippon Tel. & T. 4¾ 89	100	83¼	83½	+0⅜	+1⅜	6.66
Nordic Bank 5 89	45	89	89½	+1⅜	+3½	6.57
Norges Komm. 4⅜ 91...	100	80⅜	80¾	+0½	+0⅜	6.87
OKB 3¾ 91	100	74	74½	0	+4	7.22
OKB 4⅜ 91	100	80¼	80¾	+0½	+0½	6.87
Oslo, City of 4¾ 91 ..	100	79½	80	+0⅜	+1	6.98
Shikoku El. Pwr. 4¾ 89	100	84⅜	85	+0⅜	+0¼	6.99
Steweag 4¾ 91	60	84½	85	+0½	+2½	6.71
Voest-Alpine 4¾ 89	90	84	84½	+0⅜	+1⅞	7.14
World Bank 4¾ 89	100	84⅜	84½	+1¼	+2⅞	6.94
World Bank 4⅜ 89	150	79¾	80	+0½	+0⅜	7.38
World Bank 4⅝ 91	100	81⅜	82	+0⅝	+1⅜	6.94

Average price changes on day +0½ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	80⅜	81⅛	−1¼	−1½	12.59
Australia 6½ 88	20	72⅞	73⅞	−0⅜	−1⅜	11.73
EIB 7⅜ 89	12	80¼	81¼	0	−4½	11.08
Finland 5.6 83	10	82	83	+0⅜	+0½	11.80
Finland 5.8 88	10	76½	77½	−2⅜	−2⅛	11.25

Average price changes On day −0⅜ on week −1⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$ ...	25	80	80¾	+0⅜	−0⅛	15.39
Bell Canada 10⅜ 86 C$	60	86	86½	−0⅜	+0½	14.06
Cr. Foncier 10⅜ 84 C$	30	85½	86¼	+0⅜	+0⅜	14.95
Ex Dev. Cpn. 10 84 C$	50	86⅜	86⅞	−0½	0	14.68
Fst. Can. Inv 10 84 C$	50	85	85½	−0¼	−0⅛	15.01
Hudson Bay 10½ 89 C$	60	78⅛	78⅞	0	+0½	14.98
Quebec 10½ 86 C$	50	81¾	82¼	−0½	−0½	14.74
R. Bk. Canada 10 86 C$	40	84⅞	85⅜	+0⅜	+0⅛	13.72
R. Bk. Canada 10 94 C$	40	75⅜	75⅞	−0⅜	+0⅜	14.0[illegible]
Copenhagen 8¾ 91 EUA	20	88⅜	89½	−0⅜	−1⅜	10.44
[illegible] Bk Dnmk 9 91 EUA	25	91½	92½	+0⅛	+0½	10.17
SOFTE 8¾ 89 EUA	40	81	82⅞	0	0	11.61
U. Bk. Nrwy. 9½ 90 EUA	18	97⅜	98⅜	−0⅛	0	9.78
Algemene Bk. 8¼ 84 Fl	75	91	91⅜	+0⅛	+0⅛	10.7[illegible]
Ned. Gasunie 8⅜ 84 Fl	50	89⅞	90⅜	0	+0⅜	11.75
[illegible] Middnb 8¼ 84 Fl	75	89½	90¼	0	−0½	11.58
Norway 8¼ 84 Fl	100	90½	91¼	0	+0⅛	11.22
Norway 8¾ 84 Fl	100	91	91⅜	+0⅜	−0⅜	10.73
Philips Lamps 8¾ 84 Fl	75	91	91¾	+0⅜	+0⅞	11.13
Air France 11 84 FFr	120	90½	90⅞	−0⅜	+1	13.94
Euratom 9¾ 87 FFr	150	80½	80⅞	−0½	+1⅜	14.24
Finland 11 84 FFr	20	88½	88⅞	0	−0⅜	14.57
Finland 11½ 89 FFr	70	83⅜	84½	0	−0⅜	[illegible]
Gaz de France 11 84 FFr	150	89½	90¼	+0½	+0⅛	14.00
[illegible] France 11⅞ 84 FFr	120	90½	91½	−0⅛	0	14.62
Renault 9¾ 85 FFr	100	81⅞	82⅞	−0½	−0⅛	14.78
Saint-Gobain 9¾ 86 FFr	130	80½	81½	+0⅜	+0⅜	14.66
Solvay et Cie 9¾ 87 FFr	125	78	78½	0	−0⅜	14.89
Total Oil 9⅜ 87 FFr	150	78¼	79	+0½	+0⅜	14.43
Citicorp O/S 13½ 90 £	50	90⅞	91½	+0⅜	−1⅜	15.36
EIB 11½ 91 £	25	80½	81¼	+0½	−0⅛	15.1[illegible]
Finance for Ind. 13 91 £	15	96½	97¼	+0½	−0½	15.59
Fin. for Ind. 12⅜ 89 £	20	85	85¼	0	−0⅞	15.54
Fin. for Ind. 14⅜ 88 £	20	95½	95⅞	+0½	−0⅞	15.51
Gen. Elec. Co. 12⅜ 89 £	50	88⅛	88⅞	−0⅜	−0⅜	14.90
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.75
Mitsubishi 7½ 94 KD	10	*†95½	95⅞	0	0	8.73
Norges Kom 7⅜ 89 KD	12	†92½	93⅞	0	0	8.53
Occidental 8¼ 91 KD	7	†90½	90¾	0	0	9.67
[illegible] 9¼ 87 LuxFr	500	84	85	−2	−3½	12.50
Euratom 8 87 LuxFr	500	77	78	−1	−3⅜	13.11
Euratom 9⅜ 89 LuxFr	500	86⅜	87⅜	−0⅜	−3½	12.52
EIB 9¾ 88 LuxFr	600	87½	88½	−0⅜	−4⅜	12.30
Volvo 9¾ 87 LuxFr	500	85½	86½	0	−4⅜	12.71

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87...	0¼	96½	97	2/7	15⅜	15.63
Banco di Roma Int. 6 87	0¼	98½	99½	26/4	15¾	15.93
Bank of Ireland 5¾ 89..	‡0¼	96½	97	21/5	16⅛	16.67
Bank of Tokyo 5¼ 89	‡0¼	96¾	97¼	25/4	14.56	15.01
Barclays O/S Inv. 5 90	0¼	96⅛	96⅝	13/6	14⅛	14.79
Bergen Bk. A/S 6 89 ..	‡0¼	96½	97	29/5	17⅜	17.83
Bque. Indo Suez 5¾ 89	0¼	96¾	97¼	11/7	14.69	15.14
Citicorp O/S F. 6 94 ...	‡0¼	99	99½	8/6	18.81	18.95
Citicorp O/S F. 83	§‡0	99¼	99¾	23/5	16.06	16.16
Citicorp O/S F. 84	‡0	99¼	99¾	30/5	16.94	17.00
Co-operative Bk. 6 86 ..	0¼	97¼	97¾	15/5	15.06	15.47
Creditanstalt 5½ 91	§‡0¼	98¼	98¾	14/6	18.44	18.72
CNT 5¾ 86	§0¼	99⅛	99⅝	16/4	15.19	15.28
GZB 5½ 89	‡0¼	97¼	97¾	1/5	14½	15.00
Jugobanka 8 89	0⅞	92	93	23/5	16	17.30
Ind. Bank Japan 5¼ 87	0¼	97⅜	97⅞	15/4	14¼	14.[illegible]
LTCB Japan 5¼ 86	0¼	96½	97	13/6	14½	14.73
LTCB Japan 5½ 89	0¼	96⅛	96⅝	7/8	14.19	14.72
Mfrs. Han. O/S 5¾ 94..	‡0⅛	98⅜	98⅞	30/5	17⅛	17.36
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/6	15	15.29
Nacional Fin. 6¾ 88 ...	0¼	96½	97	25/7	14.69	15.19
Nat. West. 5¼ 94	§0¼	97⅜	98⅛	11/4	14.94	15.26
Nippon Credit 6½ 86 ...	0⅜	95¼	96½	12/7	14.44	15.04
Nippon Credit 5¾ 87 ...	‡0⅜	96⅜	97¼	6/5	14.69	15.14
Royal Bk. Scot. 5¼ 94	§‡0⅛	98½	99	11/4	14⅜	14.81
Soc. C. de Bque. 6½ 87	0¼	97⅛	97⅝	3/4	13⅜	13.61
Sogenal 5⅜ 89	§0¼	96½	97	13/7	14.44	14.92
Standard Chart. 5¾ 90..	0⅛	97⅜	98⅛	6/9	17¼	17.62
Sweden 5¼ 91	‡0⅛	96⅞	97½	18/4	14.44	14.87
TVO Pwr. 9 91 (D-lock)	0¼	96⅜	96⅝	24/5	15.31	15.89
Williams & Glyn 5¼ 91	0⅛	97½	98	14/6	18½	18.93
Bq. E. d'Alg. 4¼ 89 SF	0⅛	91	92	18/6	6.69	7.31

Average price changes. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89...	10/79	145	110½	111½	+0½	−6.40
Ajinomoto 7¾ 95	2/80	618	85½	86½	+0⅜	4.66
Alco Int. Fin. 9½ 94 ...	1/80	40	84	85	−2	25.74
Asahi Optical 7 94	11/79	605	80⅜	81¼	+0¼	3.67
Canon 6¾ 94	8/79	570	95½	96½	+2	7.83
Ciba-Geigy O/S F. 4 94	9/79	675	†66	67	−1½	−2.93
Credit Suisse 4¾ 93 ...	10/79	1325	88½	90	0	−5.95
Daiei Inc. 6½ 94	11/79	1020	89½	90½	+0⅜	32.61
Enserch Fin. 9½ 94	7/80	30.75	97	98	−1	13.99
LPC Internatnl. 8 89 ..	9/79	23.33	†92	93	−2	6.57
Meidensha Elec. 7 94 .	12/79	210	85¼	86⅛	+0⅜	14.26
Mitsubishi Cp. 6½ 94..	10/79	904	113¾	115	+0⅜	5.09
Nippon Seiko 7¾ 94 ..	12/79	339	93½	94½	+1½	0.29
Nitto Elec. Ind. 6 94 ..	7/79	735	63¼	64½	−0⅜	−0.56
Toshiba Cpn. 7¾ 94	10/79	198	87	88	+0⅞	−0.20
Union Bk. Switz. 5 89 ..	2/80	125	88½	90	0	−12.16
Fujitsu 5 84 DM	7/79	475	89⅛	89⅞	+1⅜	6.65
Kansai Elec. 4 84 DM...	4/79	1234	78¾	79¾	−0⅜	40.28
Tokyu Ld. Cp. 4 86 DM	4/79	493	70⅞	71⅞	+0⅜	32.97
Uny. Co. 6½ 85 DM ...	11/79	1071	86⅛	87⅛	0	31.65

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg day = Change on day. Cnv. date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الكحل

INTERNATIONAL COMPANIES and FINANCE

BURMEISTER AND WAIN

Further disposals to M.A.N.

BY HILARY BARNES IN COPENHAGEN

IN A move which is developing into a national issue in Denmark, Burmeister and Wain, the engineering and shipbuilding group, has now decided to sell a further large part of the shares in its marine diesel subsidiary B and W diesel to MAN, the West German engineering group.

B and W's holding in the company had a par value of DKr 100m ($17m) and the company is to sell DKr 96.5m of this to MAN. The residual holding will allow B and W to continue to appoint three directors to the board of the diesel company.

B and W sold 49.75 per cent of a hived off B and W Diesel to MAN at the end of last year, retaining an identical share itself. The remaining ½ per cent are held by Mr. Otto Grieg Tideman, the Norwegian shipowner. At the time of this deal the then board assured the Government and unions that it had no intention of selling its remaining holding to MAN, which is one of B and W's competitors in marine engineering.

The sale of assets to strengthen the ratio of equity capital to debt is a deliberate strategy on the part of the B & W Board and its controlling shareholder and managing director, Mr. Jan Bonde Nielsen. Further sales of assets are expected. The IWT container factory in Lübeck, Germany, is high on the list of companies which the group is expected to sell.

By improving gearing, the sale of the diesel company will enable B & W to borrow money on what the company called "normal terms," although the deal will not make a big difference to the amount of money the group will need to borrow to finance the construction of five 60,000 dwt bulk carriers which it has on order at the shipyard. The yard has also signed letters of intent for another two vessels from a Greek owner and is negotiating for further orders.

The Board believes that its diesel company holding would have brought a satisfactory return in three or four years' time, but in the meantime the parent company would have been called on to contribute about DKr 300m to the financing of the diesel company over that period.

DIESEL ENGINE PRODUCTION IN 1979

Company	No. of ships	Bhp	% world total
Sulzer	191	2.88m	34.1
B & W	728	1.65m	20.0
Pielstick	108	1.15m	13.6
M.A.N.	85	1.03m	12.2
Mitsubishi	59	0.39m	4.7
Total	841	8.43m	100.0

Source: The Motor Ship.

The diesel group has about 3,000 employees, and the rest of the B & W group has about 4,000 employees, in companies which include a high pressure steam boiler manufacturing division, a packaging division, a marine service division and an importer of agricultural machinery.

B and W is the second biggest marine engine maker in the world but like the industry leader—Switzerland's Sulzer Bros.—around 90 per cent of its engines are built under licence overseas. In B and W's case, Japan's Hitachi and Mitsui are particularly important licencees.

Atlas Copco optimistic on growth prospects

By Victor Kayfetz in Stockholm

ATLAS COPCO, the Swedish compressed air and hydraulic equipment maker whose pre-tax earnings rose 11 per cent in 1979 following a three-year profit slump, predicts good growth prospects during the 1980's in major industrialised countries like the United States, France and West Germany, where its market shares are small.

Although the annual report gives no forecast for 1980 the managing director, Mr. Tom Wachtmeister, writes that "I am optimistic as regards the areas the company itself can influence."

But he cites political pressures in Sweden for withdrawal from the Interamerican Development Bank (IDB) and for further limitations on Swedish investment in South Africa as examples of "obstacles to trade that make the work of Swedish export companies harder than that of competitors." Atlas Copco has 92 per cent of its turnover outside Sweden. Construction and industry each account for 40 per cent of group sales and mining 20 per cent.

As reported earlier, pre-tax profit last year was Skr 334m ($76m) and the board has proposed a dividend of SKr 6 per share at a cost of SKr 99m, up from an adjusted SKr 5.79.

In 1975 the group had earned SKr 430m for a 17 per cent return on capital. Pre-tax profit slid to SKr 338m in 1976 for a 12.8 per cent yield, followed by two years of profits around SKr 300m each and a return of just over 11 per cent.

Group sales rose 12 per cent last year to SKr 5.3bn ($1.2bn). Atlas Copco Airpower, a company which makes compressors, raised its pre-tax profit from SKr 95m to SKr 109m on sales that climbed 15 per cent to SKr 1.28bn. Small Portable sound-proofed air compressors were enthusiastically received on the U.S. and West European markets during 1979, Atlas Copco says.

BANKING IN EUROPE

Foreign branches boost Bayerische Vereinsbank

BY KEVIN DONE IN FRANKFURT

THE BAYERISCHE Vereinsbank, the largest of the West German regional branch banks, achieved a substantial boost in overseas business through its foreign branches last year.

Dr. Max Hackl, chairman of the executive board, said that total assets of the bank's foreign branches in the U.S., the Cayman Islands, the UK and Japan amounted at the end of 1979 to around DM 4bn ($2.13bn).

Compared to the end of 1978 the foreign branches showed a growth of some 6 to 7 per cent, but in terms of average growth over the year—a more realistic measure of the expansion of business—the foreign branches showed a growth of around 35 per cent.

The Bayerische Vereinsbank, which ranks fourth in West Germany behind the big three commercial banks, Deutsche, Dresdner and Commerzbank, is pausing to consolidate its foreign operations before venturing on much further expansion, said Dr. Hackl.

Last year, however, it opened two further overseas representative offices in important financial centres in Bahrain and Hong Kong and it was also the first West German bank to get up a representative office in Athens. Together with a group of other Western banks it has also taken a stake in a bank in Hungary.

The Bayerische Vereinsbank increased its total consolidated balance sheet assets to DM 82.9bn ($44.33bn) last year, an increase of 9.2 per cent over 1978 (DM 75.9bn). At the same time, however, its consolidated net income increased only marginally to DM 145.9m, a rise of just 0.5 per cent.

Unlike the big three commercial banks, the Bayerische Vereinsbank parent bank is allowed to carry on mortgage and local authority bond business under its own name. This part of its activities accounted for some 36 per cent of the parent bank's balance sheet total last year, at DM 17.3bn, compared with the 64 per cent accounted for by commercial banking operations at DM 30.7bn.

On the commercial banking side loans to customers rose sharply by 22.4 per cent, to DM 17.47bn, with demand at a high level from industry. Customer deposits increased more slowly by 10.3 per cent to DM 19.85bn. As a result of rising interest rates customers' sight deposits fell by 8.5 per cent to DM 2.92bn.

The Bayerische Vereinsbank is continuing to expand its branch network beyond the confines of its home state of Baveria. In the next two years further branches will be opened in towns such as Bonn, Koblenz, Trier and Düsseldorf and it is also in the process of integrating its 100 per cent subsidiary Röchlin Bank in the Saarland into its branch network.

Share issue from Saga Petroleum

By Fay Gjester in Oslo

SAGA PETROLEUM, the Norwegian private enterprise oil company backed by about 90 leading business, shipping and industrial concerns, is to raise NKr 70m ($13.7m) through a one-for-five rights issue at par.

Existing shares, with a par value of NKr 60, are currently priced at about NKr 170 on the Oslo bourse.

The company, which is still in the development stage, has paid [illegible] since it was formed [illegible] the 1970s, and is unlikely to do so in the next few [illegible] its earnings are still being ploughed back into petroleum exploration and development.

Saga is one of three Norwegian companies earmarked by the Government to play a leading role in future activity on Norway's shelf. The others are Statoil, the state oil company, and Norsk Hydro, the state-controlled oil and industrial concern. Only Norwegian citizens and Norwegian-owned companies are allowed to hold Saga shares.

If shareholders approve the new issue, it will be marketed in June. The board also plans to seek shareholder approval for a NKr 75m convertible bond loan, to be offered in August and September this year.

Terms of the loan will be made public later. Convertible bonds are new to Norway's capital market, and Saga is believed to be the first company to announce plans for an issue of this type.

Japan link for Au Printemps

BY TERRY DODSWORTH IN PARIS

AU PRINTEMPS, the French stores group, has broken into the Japanese retailing sector in a Franchising-type agreement with the Daiei distribution company. The deal is planned to lead to the opening of six shops under the Printemps label during the next ten years.

Construction of the shops will be under the control of a Japanese company, which will be entirely owned by Daitei, reckoned to be one of the largest Japanese distribution groups with a turnover of FFr 30bn ($6.8bn) and a payroll of 27,000.

Under the terms of the agreement, however, Au Printemps will supply know-how and buying assistance to the Japanese group. In return, it will receive royalties for the use of its name, one of the most illustrious among the big Paris-based stores groups.

Au Printemps, controlled by the Maus family of Switzerland, believes that the deal will prove to be an important generator of exports for France. Apart from sales to the shops bearing its own title, the French company is hoping to sell to other outlets in the Daiei group, which controls about a dozen wholesale organisations and 40 supermarkets.

The contract underlines Au Printemps's currency policy of expansion on all fronts during a period when the French retailing sector is being extensively reorganised.

Despite its recent withdrawal from the bid for Paris-France shops chain, Printemps's ambition to expand in France was emphasised by its acquisition of 8 per cent of the Viniprix supermarkets group earlier this month. This deal was followed by a further "significant" share acquisition in the La Somats group, which runs about 60 clothing shops in the provinces.

The French group is already present in force overseas, particularly with its down-market Prisunic and Escale stores chains. These groups are continuing to invest heavily outside France, with new shops due to open this year in the Cameroons, Haiti, Martinique and Greece.

The policy in the main group, however, is to seek partnership agreements overseas rather than direct investments. Printemps expects to be signing new agreements of this type, as in Japan, in the near future.

● Esso Saf, French unit of Exxon of the U.S., made a net profit of FFr 199m for 1979, an increase of more than 130 per cent. The figure includes a dividend of FFr 83m received from Esso Saf's exploration subsidiary Esso Rep, up from FFr 72m in 1978.

Westland Utrecht's slower year

BY CHARLES BATCHELOR IN AMSTERDAM

BUSINESS growth slowed in 1979 for the Dutch mortgage bank Westland Utrecht (WUH) and profits fell. The bank nevertheless considers its performance last year was satisfactory and the profit fall was modest, particularly when seen against the strong growth of the past five years.

While WUH does not have high hopes for the domestic housing market in 1980 prospects for lending and project development in the commercial sector are favourable. In the longer term the outlook for foreign business is also good. Foreign schemes accounted for 38 per cent of new development projects last year and this share is gradually increasing.

The uncertain economic outlook, the slowdown in the growth of wages, high interest rates and the possibility of fiscal changes combined to slow the growth of house purchases in 1979. Signs of an improvement appeared towards the end of the year but high interest rates meant the upturn was limited.

Operating profit fell 12 per cent to Fl 109.7m ($53m) while, at the net level, profit was 10 per cent lower at Fl 55.7m. WUH nevertheless proposes maintaining its dividend at Fl 24 per Fl 50 nominal share. The bank's mortgage portfolio rose 20 per cent to Fl 12.6bn ($6.1bn) against a rise of 31 per cent in 1978.

Lending for commercial and investment purposes rose by 8 per cent to Fl 1.3bn and this category of lending accounted for 45 per cent of all new lending against 35 per cent the year before.

Creditanstalt expands

BY PAUL LENDVAI IN VIENNA

CREDITANSTALT and Oesterreichische Laenderbank, the two biggest banks in Austria, have emerged from 1979 with expanded balance sheets.

The two have increased total assets by around an eighth with Creditanstalt moving up to Sch 167bn and the Laenderbank expanding to Sch 100.4bn. In each case shareholders are to receive an unchanged 10 per cent dividend for the year.

In terms of cash generation it has been a dull year for both banks. Gross cash-flow at Creditanstalt was broadly maintained at Sch 805m while, at the Laenderbank, cash-flow dipped by 6 per cent to Sch 500m.

Lisnave swings back to profit

BY JIMMY BURNS IN LISBON

LISNAVE, the Portuguese ship-repairer, has recorded a net profit in 1979 of 17.4m escudos against a loss of 546 escudos in 1978.

The company, which accounts for about 5 per cent of Portugal's total export earnings, attributed this recovery to rationalisation and marketing efforts, recent price rises, and increased productivity combined with an absence last year of major strikes.

Lisnave recorded a 51 per cent increase in sales over 1978 to 6.9bn escudos. A total of 379 ships docked at Lisnave's two main yards, compared to 333 in 1978.

Although lay-offs are restricted by Portugal's present labour legislation, management and union officials agreed last year to an unpublicised slimming of the company's labour force mainly through a voluntary retirement plan.

According to the company's annual report, published this week, Lisnave's total number of workers, including those absent or on military service, is now 8,618—a decrease of more than 10 per cent.

The company has managed to weather the storm of the international recession by its continuing advantageous location for tankers on the way back from the Middle East and by a diversification of its activities.

Nevertheless Lisnave is cautious about future prospects. "Continually rising oil prices, heavy inflation, and a very uncertain international political situation make any forecast of development for 1980 a mere speculation." The company intends to follow a policy of consolidation and restraint in the short term.

Alusuisse plan to fight pollution

ALUSUISSE, the Swiss aluminium-making conglomerate, is to invest $145m to renovate two plants in the Southern Valais region after a public outcry two years ago over Fluor pollution in local rivers.

The group, whose factories in 30 countries produce 6 per cent of the aluminium used worldwide, says the renovated plants will employ pollution-reducing technology capable of meeting any new environmental regulations.

Upsurge at Finnish engineer

BY LANCE KEYWORTH IN HELSINKI

MORE THAN doubled profits are reported for 1979 by the Finnish state-owned engineering and shipbuilding group, Valmet. After tax there is a rise of 111 per cent, to FMks 15m.

Net sales of the parent company increased by 37 per cent to FMks 2.43bn ($623m), of which exports accounted for 62 per cent. Consolidated net sales rose by 26 per cent to FMks 4.67bn.

The pulp, paper and woodworking machinery division recorded the sharpest growth in sales, rising from FMks 433m to FMks 995m. It had orders on hand at the end of 1979 for 11 paper machines, eight of them from foreign buyers.

The shipbuilding division increased sales by 23 per cent to FMks 772m. Third in order of size according to sales was the tractor division which, if the Brazilian subsidiary is included, accounted for 31 per cent of consolidated turnover.

The company says that its co-operation agreement with Volvo of Sweden on tractor production is expected to double Valmet's share of the Nordic tractor market in the next few years.

INTERNATIONAL COMPANIES and FINANCE

Record loan stock issue by UOL

By Georgie Lee in Singapore

UNITED OVERSEAS LAND (UOL), one of Singapore's largest property developers, is seeking to raise $90m (US$40m) by way of a loan stock issue—the largest Singapore dollar denominated corporate loan stock issue ever to be floated in Singapore.

The loan stock, which will have a maximum average life of about 6½ years will have registered subscription warrants (RSW) attached to it.

The RSW is a new feature in fund raising in the local capital market and UOL's issue is the first of its kind in Singapore.

UOL has also announced results for the year ended December 1979. Group pre-tax profit rose by 12 per cent to S$9.53m but with a 73 per cent increase in the tax charge to S$6m, post-tax profit went down by 30 per cent to S$3.52m.

UOL explained that the unusually high tax charge was due to the loss in its subsidiary, Mount Echo Park Private, which could not be offset against profits of other companies in the group.

UOL has declared a first and final gross dividend of 5 per cent, one percentage point higher than the 1978 dividend.

The loan stock issue will be on the basis of S$1 nominal of loan stock for each share of S$1 par value held, and preference will be given to applications by ordinary shareholders.

Payment will be in two instalments—the first 50 per cent is to be made not later than April 26 this year, and the remainder not later than October 31 this year. Interest will be fixed on April 11 this year and will be paid annually on October 31 each year.

The RSW will be alloted free of charge to subscribers of the loan stock issue on the basis of S$1,000 worth of subscription rights for each S$1,000 nominal of loan stock subscribed. Holders of RSW will be entitled to subscribe for new shares in UOL at any time between May 31, 1980 and March 31, 1985 at a fixed price.

The price will be announced later but will be the average of the last traded prices of its ordinary shares on the Singapore stock exchange during a [illegible] trading day period before [illegible]

CHINESE SHIPPING

Pao link marks new era

BY WILLIAM HALL, SHIPPING CORRESPONDENT

CHINA'S DECISION to link up with Sir Yue-Kong Pao, one of Hong Kong's leading shipowners, and various Far Eastern financial interests, marks a new era in Chinese shipping policy.

The Chinese have been building up their merchant shipping fleet rapidly in recent years mainly by buying second-hand tonnage. They have spent well over $1bn over the past four years.

However, the venture with Sir Yue-Kong Pao — International United Shipping and Investment Co. — is a new departure since the Chinese are bringing in outside partners who will have majority control.

The new company will have a paid-up capital of US$50m and the Chinese will own 45 per cent of the shares. The remainder will be owned by Sir Yue-Kong Pao's Worldwide Shipping, and World Finance International. The latter (WFI) is owned by World Wide Shipping and the Hongkong and Shanghai Banking Corporation—each with 37½ per cent—and the Industrial Bank of Japan (25 per cent).

According to reports from Hong Kong, the new venture will have a wide brief. It will be involved in the purchase, sale, and management of all types of ship and equipment. It will also interest itself in investment management and other ship-related business.

No decision has yet been made about where it will be headquartered, but it will have offices in Hong Kong and Bermuda. The Chinese signatories to the joint venture agreement are the China National Ship Chartering Corporation and the China Corporation of the Shipbuilding Industry which indicates that it will not be confined to just ship operating activities.

Sir Yue-Kong Pao controls one of the largest shipping fleets in the world—some 180 ships totalling 20m dwt. Although he is best known for his fleet of very large crude oil tankers, he also operates around 100 dry cargo ships and this appears to be the area of most interest to the Chinese.

CHINA'S MERCHANT FLEET†

	No.	Tons gross
1979	1,336	8.3m
1978	1,157	6.8m
1977	1,065	5.8m
1976	n.a.	5.1m

† Includes tonnage of Taiwan.
n.a. not available.
Source: Lloyd's Register of Shipping.

He has said that he envisages the company will buy bulk carriers in the 20,000-30,000 dwt range and they may be involved in coal exports from China. Many of the ships will be built in China. The new venture will be confined initially to tramp and bulk carrier business.

The new venture is a significant development for Chinese shipping. Until now China's merchant fleet has been operated by two companies, China Ocean Shipping Company (COSCO) and China Merchant Steam Navigation Company (CMSN).

The latter is based in Hong Kong and has been one of the main outlets for China's burgeoning shipping aspirations. Aside from Chinese flag ships, China also charters in British and flags of convenience ships.

Green Island Cement upsurge

BY ANTHONY ROWLEY IN HONG KONG

GREEN ISLAND CEMENT, headed by Mr. Li Ka-Shing, the prominent local Chinese businessman, more than doubled its net profits last year, to HK$98.3m (US$19.5m), reflecting the buoyancy of the local construction industry.

Mr. Li commented, however, that "there are signs that the rapid rate of increase in construction activity of the past two years is levelling off, and the keen competition to be expected in the market can already be seen. Rising energy costs and interest rates will also have an adverse impact, and the indications are that profit margins per ton will be eroded to some extent."

Green Island recently announced a partnership with interests from mainland China and from the U.S. in a HK$1.1bn cement plant to be built in Hong Kong, with a capacity of 1.4m tons a year. A consortium of banks put together a HK$617m loan for the project, which is expected to contribute significantly to Green Island's profits after the start-up in 1982.

The company, which enjoyed greatly increased sales as well as profits last year, is recommending a final dividend of 70 cents a share, which will make a total distribution for the year of HK$1.30, against 67 cents in 1978, representing an increase of 94 per cent on an adjusted basis. A one-for-five scrip issue is proposed.

* * *

THE PUBLIC offer for sale of 5m shares of HK$ 5 (around U.S.$ 1) per share in Wing Lung Bank closed roughly 20 per cent over-subscribed, the bankers to the issue, Schroders and Chartered, announced.

Applications were received for a total of just over 6m shares in this, Hong Kong's first new company flotation in over a year. The subscription would probably have been a good deal higher but for the recent dramatic fall in the Hong Kong stock market, following the steep international rise in interest rates, and the arrest of certain Government officials in connection with alleged corruption in the local construction industry.

The basis of allotment of shares in Wing Lung will be: applications for up to 20,000 shares granted in full; 80 per cent for those between 25,000 and 600,000 shares; and approximately 73 per cent for applications above this amount.

Profits rise at Israel Continental

By L. Daniel in Tel Aviv

ISRAEL-CONTINENTAL Bank, which is jointly owned by the German Bank Fuer Gemeinwirtschaft and Bank Hapoalim, has reported that net profits increased by 140 per cent in 1979, to reach I£ 40.5m (roughly $1m). Its balance sheet total rose tto I£ 6.1bn ($150m) from I£ 3.5bn.

The bank has not increased its capital resources in the past two years and the increases were attributed to expanding activity, mainly in the fields of international trade and foreign exchange.

● The introduction of the Shekel in place of the Israeli pound has been announced since the end-year accounts were drawn up, at an exchange of I£ 10 to IS 1.

Further losses for Philips Industries

BY JAMES FORTH IN SYDNEY

PHILIPS Industries Holdings, thet Dutch-controlled electrical and electronics group, incurred an operating loss of A$14m (US$15.2m) in 1979 compared with a deficit of A$4.74m in 1978. The group suffered additional extraordinary losses of A$8m compared with A$4.6m in the previous year. There is no dividend for the second year running. The last payout was 4 cents a share final dividend in 1977.

The extraordinary losses comprised a A$1.4m write-down in the value of Philips' shareholding in the finance company Mutual Acceptance and write-offs of previously capitalised tax benefits of A$8m. Sales for the year rose 6 per cent to A$402m (US$437m).

The directors attributed the heavy loss to the termination of the group's manufacturing operations in the telephone transmission products area; rationalisation of colour television receiver production; reappraisal of the retail division; and significant losses incurred in the last quarter in writing-off slow-moving stock. NV Philips Gloeilampenfabriken holds more than 70 per cent of the Philips Industries equity.

* * *

THE DIRECTORS of Canberra Television have advised shareholders not to sell their shares. The board said that they had been advised that some shareholders had been approached to sell their shares.

Canberra Television is 40 per cent owned by John Fairfax, the Press group. However, Fairfax has to sell its stake because of its defensive buying of shares in the media group, Herald and Weekly Times, to prevent Mr. Rupert Murdoch's News Corporation succeeding with a takeover bid.

Bank of Japan eases shortage of liquidity

TOKYO—The Bank of Japan has bought about Y300bn ($1.2bn) worth of 8 per cent national bonds from 13 Japanese commercial banks on the condition that they buy them back in a month.

The Central Bank refused to give further details, but said the buying operation is designed to ease an expected fund shortage in the short-term money market this week.
Reuter

هكذا من الأصل

CURRENCIES, MONEY and GOLD

Sterling firm

STERLING IMPROVED against most currencies yesterday in generally featureless trading, while the U.S. dollar rose from Friday, but finished around its lowest level of the day. The pound's trade weighted index rose to 72.2 at the close compared with 72.0 on Friday. While showing only a marginal gain against the dollar, the pound was well up against European currencies.

In dollar terms it opened at $2.1730 and rose on an initial easing of the dollar to $2.1825. Trading for most of the day took place around the $2.18 level, but late demand saw a best level of $2.1850 before sterling closed at $2.1830-2.1840, a rise of 40 points from Friday.

The dollar showed an overall improvement, but was considerably below its best level of the day. Euro-dollar interest rates tended to ease in the short term and this gave the dollar a slightly easier tendency. Against the D-mark it touched DM 1.8950 during the day, but the Bundesbank probably spent at least $200m supporting the D-mark and the dollar fell back to DM 1.8860 at the close, still well up from Friday's close of DM 1.8790. Similarly against the Swiss franc, it touched SwFr 1.7930, but finished at SwFr 1.7850 compared with SwFr 1.7810 previously. In terms of the yen, the dollar was hardly changed at Y249.1 against Y249. On Bank of England figures, the dollar's trade weighted index rose from 89.3 to 89.6.

D-MARK — Steady within the European Monetary System, but weaker against dollar following continued rise in U.S. interest rates—The D-mark eased against the dollar in Frankfurt yesterday despite intervention by the Bundesbank of some $56m and an estimated $150m plus, outside the fixing. The dollar was quoted at DM 1.8895, sharply up from Friday's level of DM 1.8776.

BELGIAN FRANC—One of the weakest members of the EMS, but boosted recently by sharp rises in Belgian interest rates—The Belgian franc showed mixed changes at the Brussels fixing yesterday, but showed a generally firmer undertone. The Belgian authorities' firm resolve to avoid any devaluation of the franc and to lend support by increasing interest rates, seems to have paid off for the time being at least. The D-mark was weaker at BFr 16.1615 against BFr 16.1635 and the Dutch guilder eased to BFr 14.7417½ from BFr 14.778.

DANISH KRONE—Suffering two devaluations since EMS began and now almost as weak as the Belgian franc within the EMS—The krone continued to lose ground yesterday, reflecting Denmark's poor economic performance. Its current account balance of payments deficit for 1979 was DKr 15.61bn, nearly double that of the previous year, and this together with other economic factors prompted the authorities last month to increase the Danish discount rate to a record 13 per cent from 11 per cent. However, just recently these pressures have re-asserted themselves, and the krone has suffered as a consequence. At yesterday's fixing in Copenhagen, the dollar rose to DKr 5.9160 from DKr 5.8750, and sterling was higher at DKr 12.8910 compared with DKr 12.8390 previously.

ITALIAN LIRA — Generally firm and close to top of EMS, but interest rates may be forced up to prevent capital outflows following latest moves in the U.S. —While the lira showed a slightly firmer trend overall yesterday, the dollar rose at the fixing in Milan to its best level since November 1977 at L879.7, compared with L873.7 on Friday. Sterling was also firmer at L1,917.5 against L1,913.2, but the D-mark was easier at L465.4 from L465.8, and the French franc dipped to L200.2 from L200.25.

THE POUND SPOT AND FORWARD

March 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1780-2.1850	2.1830-2.1840	0.03c pm-0.07dis	−0.11	0.45-0.55dis	−0.91
Canada	2.5760-2.5880	2.5870-2.5880	1.15-1.05c pm	5.10	2.20-2.05 pm	3.28
Nethlnd.	4.49-4.53½	4.51-4.52	3½-2½c pm	8.30	8½-7¾ pm	7.31
Belgium	66.30-66.75	66.50-66.60	6c pm-4 dis	0.18	10 pm-par	0.30
Denmark	12.85-12.91	12.86½-12.87½	3-4½ore dis	3.55	9½-12¼ dis	3.34
Ireland	1.1000-1.1095	1.1005-1.1015	0.12-0.07p pm	1.03	0.28-0.20 pm	0.87
W. Ger.	4.10½-4.14	4.11½-4.12½	4-3c pm	4.39	9½-8¾ pm	8.62
Portugal	109.00-110.40	110.10-110.30	par-40c dis	−2.18	par-105 dis	1.90
Spain	151.90-154.15	154.05-154.15	45-85c dis	−5.06	185-230 dis	−5.26
Italy	1902-1921	1918¾-1919¾	2lire pm-par	−0.62	4-6 dis	−0.10
Norway	11.09½-11.15	11.13½-11.14½	4½-3½ore pm	4.24	10½-8⅞ pm	3.46
France	9.53-9.60	9.57-9.58	4-3c pm	4.39	9½-8¾ pm	3.86
Sweden	9.57-9.64	9.63-9.64	4½-3½ore pm	4.83	10½-9½ pm	4.20
Japan	538-548	543½-544½	1.55-1.25y pm	3.09	4.20-3.85 pm	2.96
Austria	29.43-29.60	29.48-29.53	25-15gro pm	8.13	63-53 pm	7.86
Switz.	3.88½-3.92	3.89½-3.90½	5-4c pm	13.85	11½-10¾ pm	11.03

Belgian rate is for convertible francs. Financial franc 68.85-68.95. Six-month forward dollar 0.95-1.05c dis. 12-month 0.45-0.55c dis.

THE DOLLAR SPOT AND FORWARD

March 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1780-2.1850	2.1830-2.1840	0.10c pm-par	0.30	0.45-0.55dis	−0.91
Ireland†	1.9605-1.9715	1.9700-1.9715	0.50-0.45c pm	4.81	0.20-0.10 pm	0.30
Canada	1.1845-1.1871	1.1846-1.1848	1.61-1.54c pm	8.13	1.20-1.10 pm	3.88
Nethlnd.	2.0675-2.0750	2.0685-2.0695	1.25-1.75ore dis	−3.05	4.42-4.32 pm	8.45
Belgium	30.46-30.58	30.47-30.49	3c pm-par	0.59	8.3 pm	0.72
Denmark	5.9000-5.9160	5.9000-5.9015	1.68-1.58pf pm	10.37	3.35-3.85dis	−2.44
W. Ger.	1.8850-1.8950	1.8855-1.8865	0.03c pm 0.07dis	−0.11	4.58-4.48	9.61
Portugal	50.40-50.59	50.45-50.55	par-15c dis	−1.78	10pm-35dis	−0.98
Spain	70.45-70.60	70.45-70.55	20-35c dis	−4.68	60.80 dis	−3.97
Italy	878.90-880.70	878.90-879.40	0.8-0.3lire dis	−0.75	0.25-1.00dis	−0.28
Norway	5.0970-5.1055	5.1010-5.1020	2.50-2.00ore pm	5.29	5.70-5.20 pm	4.27
France	4.3845-4.4050	4.3855-4.3875	1.85-1.75c pm	4.92	5.60-5.40 pm	5.01
Sweden	4.4075-4.4150	4.4110-4.4125	2.20-2.00ore pm	5.71	6.20-6.00 pm	5.53
Japan	248.70-249.50	249.05-249.15	0.80-0.65gro pm	3.49	2.50-2.35 pm	3.89
Austria	13.50½-13.54¾	13.50½-13.51½	10.00-9.00gro pm	8.44	31.25-28.75pm	8.88
Switz.	1.7845-1.7930	1.7845-1.7855	2.26-2.17c pm	14.86	5.45-5.35 pm	12.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Mar. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.580067	0.612775
U.S. $	13	1.26762	1.33891
Canadian $	14	1.49947	1.58193
Austria Sch	6¾	17.0470	17.9950
Belgian F	14	38.4596	40.6394
Danish K	13	7.44263	7.86143
D'Mark	7	2.38006	2.51314
Guilder	9½	2.60623	2.75374
French Fr.	9½	5.53506	5.84502
Lira	15	1107.58	1169.88
Yen	9	315.828	333.215
Norwgn. Kr	9	6.44830	6.80034
Spanish Pts	8	88.6345	93.5632
Swedish Kr	10	5.56549	5.87810
Swiss Fr	3	2.25281	2.37966

CURRENCY MOVEMENTS

Mar. 24	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.2	−33.0
U.S. dollar	89.6	−4.1
Canadian dollar	81.0	−17.7
Austrian schilling	152.9	+23.2
Belgian franc	113.7	+12.5
Danish kroner	105.2	−5.1
Deutsche mark	152.9	+45.8
Swiss franc	190.2	+74.0
Guilder	124.8	+19.5
French franc	99.9	−6.3
Lira	53.2	−50.6
Yen	116.4	+15.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7397	40.6393	+2.14	+1.27	±1.53
Danish Krone	7.72336	7.87351	+1.94	+1.07	±1.64
German D-Mark	2.48208	2.51526	+1.34	+0.47	±1.125
French Franc	5.84700	5.84604	−0.02	−0.89	±1.3557
Dutch Guilder	2.74362	2.75762	+0.51	−0.36	±1.512
Irish Punt	0.668201	0.677351	+1.37	+0.50	±1.668
Italian Lira	1157.79	1171.20	+1.16	+0.80	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 24	£	$		£ Note Rates
Argentina Peso	3776-3796	1730-1740	Austria	29.30-29.55
Australia Dollar	2.0060-2.0100	0.9205-0.9210	Belgium	68.55-69.05
Brazil Cruzeiro	101.30-102.30	46.40-46.85	Denmark	12.84-12.91
Finland Markka	8.50-8.51	3.9200-3.9220	France	9.53-9.59
Greek Drachma	87.798-89.876	40.40-40.60	Germany	4.11¼-4.14
Hong Kong Dollar	11.06-11.08	5.0670-5.0720	Italy	1885-1970
Iran Rial	n/a	n/a	Japan	543-548
Kuwait Dinar(KD)	0.595-0.605	0.2757-0.2758	Netherlands	4.50¼-4.52¾
Luxembourg Frc.	66.50-66.60	30.47-30.49	Norway	11.09-11.16
Malaysia Dollar	4.8975-4.9075	2.2460-2.2480	Portugal	106½-109¾
New Zealand Dlr.	2.3020-2.3070	1.0560-1.0570	Spain	148-156¼
Saudi Arab. Riyal	7.19-7.29	3.3300-3.3330	Sweden	9.59-9.64
Singapore Dollar	4.8750-4.8850	2.2355-2.2375	Switzerland	3.89½-3.91½
Sth. African Rand	1.7665-1.7680	0.8090-0.8095	United States	2.177-2.185
U.A.E. Dirham	8.07-8.17	3.7350-3.7380	Yugoslavia	49-51¼

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.80-17.90 per cent; three-months 18.70-18.80 per cent; six-months 18.85-18.95 per cent; one year 17.35-17.45 per cent.

Mar. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¼-18½	15¼-15½	8½-9½	3¼-3⅝	¾-1	8¼-8⅜	12¾-13	12-14	—	13-14
7 days' notice	18¼-18½	16⅛-16⅜	8½-9½	6¾-7	5-5½	8⅛-8¼	12¾-13	12½-14½	16½-16⅝	14½-14¾
Month	17¾-18	17⅞-18⅛	13¼-13⅝	9⅝-9⅞	4½-4⅝	8⅜-8½	13⅜-13⅝	16½-17½	18 1/16-18 3/16	14⅜-14⅞
Three months	18 5/16-18 7/16	18 15/16-19 3/16	14½-14⅞	10½-10¾	6 5/16-6 7/16	9 1/16-9 3/16	13⅞-14⅛	18½-19½	19-19⅛	15 1/16-15 3/16
Six months	18 7/16-18 9/16	19-19¼	14¼-14½	11⅜-11⅝	7⅛-7¼	9 5/16-9 7/16	14⅛-14⅜	19-20	19 1/16-19 3/16	15-15⅛
One year	17⅜-17⅝	17½-17¾	14¾-15⅛	11⅞-12⅛	6⅞-7	9⅞-10	14⅞-15⅛	20-21	17½-17⅝	13¼-13⅜

Long-term Eurodollar two years 15⅞-16⅛ per cent; three years 15½-15¾ per cent; four years 15⅜-15⅝ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

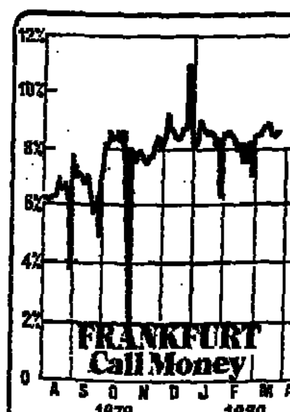
EXCHANGE CROSS RATES

Mar. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.184	4.120	544.0	9.575	3.900	4.515	1919.	2.588	66.55
U.S. Dollar	0.458	1.	1.887	249.1	4.385	1.786	2.068	879.0	1.185	30.48
Deutschemark	0.243	0.530	1.	132.0	2.324	0.947	1.096	465.8	0.628	16.15
Japanese Yen 1,000	1.838	4.014	7.574	1000.	17.60	7.169	8.300	3528.	4.758	122.3
French Franc 10	1.044	2.280	4.303	568.1	10.	4.073	4.715	2004.	2.702	69.50
Swiss Franc	0.256	0.560	1.056	139.5	2.455	1.	1.158	492.1	0.663	17.06
Dutch Guilder	0.221	0.484	0.913	120.5	2.121	0.864	1.	425.1	0.573	14.75
Italian Lira, 1,000	0.521	1.138	2.147	283.4	4.989	2.032	2.352	1000.	1.348	34.68
Canadian Dollar	0.386	0.844	1.592	210.2	3.700	1.507	1.745	741.7	1.	25.72
Belgian Franc 100	1.503	3.281	6.191	817.4	14.39	5.860	6.784	2884.	3.888	100.

INTERNATIONAL MONEY MARKET

Rates vary

THERE WAS little consistency in money market conditions in major financial centres yesterday. In Brussels the Belgian National Bank raised the interest rates on one, two and three month Treasury certificates by ½ per cent—the third increase in about a week—to defend the Belgian franc within the European Monetary System. In Tokyo the Bank of Japan relieved very tight liquidity conditions in the money market by buying about Y300bn (£550m) of Government bonds. Support for the yen by



the authorities in the foreign exchange market has been a major factor behind the shortage of funds, with call (unconditional) money rising above 12 per cent, compared with 9½ per cent at the beginning of the month, and three-month bills increasing to [illegible] per cent from 10 per cent. The central bank bought the bonds, with a coupon of 8 per cent, from the major banks in the first move of its type for 11 years.

In Frankfurt call money eased slightly, but longer term rates were firmer, while in Amsterdam Government disbursements led to an increase in money market liquidity, and the official call money rate was cut to 3 per cent from 5 per cent. Dutch period rates were firmer however.

In Paris abundant liquidity also led to a fall in the interest rate on call money to 12¾ per cent from 13½ per cent, while term rates fell by ⅛-¼ per cent. On Friday the Bank of France increased its money market intervention rate to 13 per cent from 12⅜ per cent, temporarily pushing up the rate on overnight money. But the injection of FFr 4½bn by the authorities before the week-end, and the flow of capital from abroad into Paris has led to very easy conditions.

GOLD

Sharp rise

Gold rose $36½ an ounce in the London bullion market yesterday to $563-568. The metal opened at $545-550 and was fixed during the morning at $544 before rising at the afternoon fixing to $558.25. The lowest level for the day was $539-544, and the metal finished at its best level of the day in fairly active trading.

In Paris the 12½-kilo bar was fixed at FFr 78,300 per kilo ($554.18 per ounce) compared with FFr 77,950 ($551.48) in the morning, and FFr 75,400 ($537.08) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 33,795 per kilo ($556 per ounce) against DM 32,030 ($530.52) previously.

	Mar. 24		Mar. 21	
Gold Bullion (fine ounce)				
Close	$563-568	(£258-260½)	$526-532	(£241-244)
Opening	$545-550	(£250½-253)	$530-535	(£243-246)
Morning fixing	$544	(£249.141)	$535	(£244.941)
Afternoon fixing	$558.25	(£255.761)	$525	(£240.132)
Gold Coins				
Krugerrand	$581-586	(£266-269)	$546-551	(£249½-252½)
Mapleleaf	$570-580	(£261-266)	$530-540	(£242½-247½)
New Sovereigns	$144-147	(£66-68)	$134-136	(£61¼-63¼)
King Sovs	$158-162	(£72-75)	$150-155	(£68½-70½)
Victoria Sovs	$158-162	(£72-75)	$152-157	(£69½-71½)
French 20s	$132-136		$129½-133½	
50 pesos Mexico	$687-697		$649-659	
100 Cor. Austria	$546-556		$515-525	
$20 Eagles	$675-685		$660-670	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Large help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave large assistance by lending a large amount overnight at Minimum Lending Rate to four or five discount houses, and by buying a small number of Treasury bills, and a small amount of local authority bills from the houses and banks.

Government disbursements exceeded revenue payments to the Exchequer, but this was outweighed by a moderate net take-up of Treasury bills, repayment of the moderate amount lent to the market on Friday, and small run-down balances carried forward by the banks.

Discount houses paid around 16½ per cent for secured call loans at the close, and rates were between 16½ per cent and 17 per cent throughout.

In the interbank market overnight loans opened at 17¼-17½ per cent, and touched 18 per cent, before closing at about 15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 24 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-18	—	—	—	17⅛-17¾	16¼-17	—	—	—
2 days notice	—	—	17⅛-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	18⅜	17⅞-18	16⅞-17	—	—	—
7 days notice	—	17⅜-18	18-18⅛	—	18⅜	18¼-18⅜	16¾	16 1/16-16⅛	17¾-17 15/16	18¼
One month	17⅞-17¾	17¾-18	18⅛-18¼	19-18⅝	18⅜	—	16⅝-16¾	16⅛-16 3/16	17⅝	18⅛
Two months	17 11/16-17 13/16	17 13/16-18 1/16	—	19-18⅝	18⅜	18	16⅝-16¾	16 3/16-16 5/16	17½	17¾
Three months	18-17⅞	17⅞-18⅛	18⅝	18¼-17¾	18⅛	18	—	—	16 7/16-16⅝	18⅞
Six months	17½-17⅜	17½-17¾	18¼-18½	17¾-17¼	17½	—	—	—	—	—
Nine months	17-16¾	16⅞-17¼	—	17¾-17⅝	17⅜	—	—	—	—	—
One Year	16 5/16-16⅛	16¾-17⅛	17¾-18	17¼-17	—	—	—	—	—	—
Two years	—	—	16⅞-17⅜	—						

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16-16½ per cent; four years 16-16¾ per cent; five years 16-16¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17⅛ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15 15/16-16 per cent; two-months 16 1-64th-16 1/32 per cent; three-months 16 3/16-16 7/32 per cent. Approximate selling rates for one-month bank bills 17⅝-17 13/16 per cent; two-months 17½ per cent; three-months 17⅜ per cent; one-month trade bills 18 per cent; two-months 17⅞ per cent; and three-months 17½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1979. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.2071 per cent.

MONEY RATES

NEW YORK	
Prime Rate	19
Fed. Funds	17½-18
Treasury Bills (13-week)	15.35
Treasury Bills (26-week)	15.10
GERMANY	
Discount Rate	7
Overnight Rate	8.55
One month	9.15
Three months	9.75
Six months	10.10
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	13.4375
Three months	13.8375
Six months	13.8375
JAPAN	
Discount Rate	9
Call (Unconditional)	12.1875
Bills Discount (three-month)	13.8125

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 24, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	10.0825
Algeria	Dinar	8.3588
Andorra	French Franc / Spanish Peseta	9.575 / 154.10
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	5.90
Argentina	Ar. Peso Free Rate	3,786
Australia (S)	Australian $	2.0080
Austria	Schilling	29.505
Azores	Portug. Escudo	110.20
Bahamas (S)	Ba. Dollar	2.1835
Bahrain (S)	Dinar	0.821
Balearic Isles	Spa. Peseta	154.10
Bangladesh (S)	Taka	34.72
Barbados (S)	Babados $††	4.3670
Belgium	B. Franc	(cm) 66.55 / (fn) 68.90
Belize	B $	4.3670
Benin	C.F.A. Franc	478.75
Bermuda (S)	Bda $	2.1835
Bhutan	Indian Rupee	17.825
Bolivia	Bolivian Peso	54.58
Botswana (S)	Pula	1.7115
Brazil	Cruzeiro ‡‡	101.80
Brit. Virgin Isles (S)	U.S. $	2.1835
Brunei (S)	Brunei $	4.8800
Bulgaria	Lev	1.9420
Burma	Kyat	14.70
Burundi	Burundi Franc	199.635
Cameroon Repub'c	C.F.A. Franc	478.75
Canada	Canadian $	2.5875
Canary Islands	Spanish Peseta	154.10
Cape Verde Isle	Cape V. Escudo	79.65
Cayman Islands (S)	Cay. Is. $	1.8195
Cent. Af. Repub	C.F.A. Franc	478.75
Chad	C.F.A. Franc	478.75
Chile	C. Peso	(Bk) 85.06
China	Renminbi Yuan	3.4403
Colombia	C. Peso	(F) 98.01
Comoro Islands	C.F.A. Franc	478.75
Congo (Brazaville)	C.F.A. Franc	478.75
Costa Rica	Colon	18.60
Cuba	Cuban Peso	1.6148
Cyprus (S)	Cyprus £	0.796
Czechoslovakia	Koruna	(com) 11.65 / n/c 23.58 / (T)17.26
Denmark	Danish Krone	12.8725
Djibouti	Fr.	370.0 (sg)
Dominica (S)	E. Caribbean $	5.90
Dominican Repub	Dominican Peso	2.1835
Ecuador	Sucre	(O) 54.70 / (F) 60.74
Egypt	Egyptian £	(U) 1.52
Equatorial Guinea	Peseta	154.10
Ethiopia	Ethiopian Birr	(P) 4.4550
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.8725
Fiji Islands	Fiji $	1.8695
Finland	Markka	8.505
France	French Franc	9.575
FrenchC'tyin Af*	C.F.A. Franc	478.75
French Guiana	Local Franc	9.575
French Pacific Is.	C.F.P. Franc	170.0 (sg)
Gabon	C.F.A. Franc	478.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.12
Germany (West)	Deutsche Mark	4.12
Ghana (S)	Cedi	6.05
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	88.857

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.8725
Grenada (S)	E. Caribbean $	5.90
Guadaloupe	Local Franc	9.575
Guam	U.S. $	2.1835
Guatemala	Quetzal	2.1835
Guinea Republic	Sily	42.35
Guinea Bissau	Peso	75.50
Guyana (S)	Guyanese $	5.5680
Haiti	Gourd	10.90
Honduras Repub	Lempira	4.3800
Hong Kong (S)	H.K. $	11.07
Hungary	Forint	(com) 72.88 / (T)(nc) 46.47
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	17.825
Indonesia	Rupiah	1,365.10
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6465
Irish Republic (k)	Irish £	1.1010
Israel	Shekel	8.95
Italy	Lira	1,919.25
Ivory Coast	C.F.A. Franc	478.75
Jamaica (S)	Jamaica Dollar	3.8940
Japan	Yen	544.0
Jordan (S)	Jordan Dinar	0.651(sg)
Kampuchea	Riel	2,620.2
Kenya (S)	Kenya Shilling	15.57
Kiribati	Australian $	2.0080
Korea (Nth)	Won	1.974(ll)
Korea (Sth)	Won	1,277.57
Kuwait (Sth)	Kuwait Dina	0.600
Laos	Kip Pot Po	872.40
Lebanon	Lebanese £	7.4920
Lesotho	S. African Rand	1.76725
Liberia	Liberian $	2.1835
Libya	Libyan Dinar	0.6465
Liechtenstein	Swiss Franc	3.90
Luxembourg	Lux Franc	66.55
Macao	Pataca	11.38
Madeira	Portug'se Escudo	110.20
Malagasy Republic	MG Franc	478.75
Malawi (S)	Kwacha	1.81
Malaysia (S)	Ringgit	4.9025
Maldive Islands (S)	Mal Rupee	8.5715
Mali Republic	Mali Franc	957.5
Malta (S)	Maltese £	0.784
Martinique	Local Franc	9.575
Mauritania	Ouguiya ‡	95.00
Mauritius (S)	M. Rupee	17.16
Mexico	Mexican Peso	49.79
Miquelon	C.F.A. Franc	478.75
Monaco	French Franc	9.575
Mongolia	Tugrik	(o)6.5742(ll)
Monserrat	E. Caribbean $	5.90
Morocco	Dirham	8.66(sg)
Mozambique	Moz. Escudo	64.70
Nauru	Australian Dollar	2.0080
Nepal	Nepalese Rupee	26.17
Netherlands	Guilder	4.515
NetherlandAntilles	Antillian Guilder	3.9085
New Hebrides	Franc. / Aust. Dollar	153.50 / 2.0080
New Zealand (S)	N. Z. Dollar	2.3045
Nicaragua	Cordoba	21.80
Niger Republic	C. F. A. Franc	478.75
Nigeria (S)	Naira	1.242380 (sg)
Norway	Norway Krone	11.14
Oman Sul'ate of (S)	Rial Omani	0.751
Pakistan	Pakistan Rupee	21.60
Panama	Balboa	2.1835
Papua N. Guinea (S)	Kina	1.5385
Paraguay	Guarani	272.0

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7450
Peru	Sol	exc(A)567.0
Philippines	Philippine Peso	16.00
Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.3045
Poland	Zloty	(Cm)68.07 / (T)68.07
Portugal	Portugu'se Escudo	110.20
Port Timor	Timor Escudo	110.20
Puerto Rico	U.S. $	2.1835
Qatar (S)	Qatar Ryal	8.00
Reunion Ile de la	French Franc	9.575
Rhodesia	Rhodesian $	1.4360
Romania	Leu	(Cm)10.03 / (n/c)T26.93
Rwanda	Rwanda Franc	206.01
St. Christopher (S)	E. Caribbean $	5.90
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.90
St. Pierre	Local Franc	9.575
St. Vincent (S)	E. Caribbean $	5.90
Salvador El	Colon	5.45
Samoa American	U.S. $	2.1835
San Marino	Italian Lire	1,919.25
Sao To'e & Principe	Dobra	77.66
Saudi Arabia	Ryal	7.24
Senegal	C.F.A. Franc	478.75
Seychelles	S. Rupee	14.40
Sierre Leone (S)	Leone	2.3662
Singapore (S)	Singapore $	4.8800
Solomon Islands (S)	Solomon Is. $	1.8990
Somali Republic	Somali Shilling	(A)13.15
South Africa (S)	Rand	1.76725
South West African Territories (S)	S. A. Rand	1.76725
Spain	Peseta	154.10
Spanish ports in North Africa	Peseta	154.10
Sri Lanka (S)	S. L. Rupee	34.90
Sudan Republic	Sudan £ ⊕	n/a
Surinam	S. Guilder	3.9085
Swaziland (S)	Lilangeni	1.76725
Sweden	S. Krona	9.635
Switzerland	Swiss Franc	3.90
Syria	Syria £	(A)8.5630
Taiwan	New Taiwan	(P)78.60
Tanzania (S)	Tan. Shilling	17.80
Thailand	Baht	44.55
Togo Republic	C.F.A. Franc	478.75
Tonga Islands (S)	Pa'anga	2.0080
Trinidad (S)	Trinidad & Tob. $	5.2405
Tunisia	Tunisian Dinar	0.887 (SG)
Turkey	Turkish Lira	154.92
Turks & Caicos	U.S. $	2.1835
Tuvalu	Australian $	2.0080
Uganda (S)	Uganda Shilling	16.50
United States	U.S. Dollar	2.1835
Uruguay	Uruguay Peso	(cm)18.78 / (fn)18.80
Utd. Arab Emirates	U.A.E. Dirham	8.12
U.S.S.R.	Rouble	1.4792
Upper Volta	C.F.A. Franc	478.75
Vatican	Italian Lire	1,919.25
Venezuela	Bolivar	9.3620
Vietnam	Dong	(O)4.7545 / (T)4.834(l)
Virgin Islands U.S.	U.S. Dollar	2.1835
Western Samoa (S)	Samoan Tala	2.0470
Yemen	Ryal	9.84(SG)
Yugoslavia	New Y Dinar	45.5642
Zaire Republic	Zaire	6.567484
Zambia	Kwacha	1.76

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 91.70. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. ⊕ Incentive rate.

WORLD STOCK MARKETS

Wall St. 10.3 weaker at noon

THERE WAS renewed depression on Wall Street early yesterday, the market falling sharply throughout the morning as investors reacted to expectations of still higher interest rates and fears of a severe recession.

The Dow Jones Industrial Average fell 10.32 at midday to 774.83. The NYSE All Common Index receded 87 cents to $57.37 while declines outpaced gains by a five to one ratio. Turnover came to 18.58m against 18.27m at noon on Friday.

Additionally, international tensions resurfaced as a negative as an Iranian leader said some U.S. hostages will be tried now that the Shah has moved to Egypt.

John Smith, of Fahnestock and Co., said the Market seemed to be adjusting to changing economic fundamentals. "There is a complete change in thinking from a free-spending economy to a conservative economy," he said.

The broadly-based fall embraced Defence, Oil, Computer, Drug, Bank, Motor, Steel, Copper, Aluminium, Gaming and some Silver and Gold shares.

Volume leader IBM receded 1⅛ more to $55⅞, after falling 1½ last Friday on heavy volume.

NCR had yet to trade, but indications were that it would open five to eight points lower. NCR forecast lower first-quarter net earnings. National Semiconductor declined 1½ to $19⅜ and Xerox 1⅛ to $54⅜.

Pennzoil retreated 1⅞ to $39. At least 10 people were injured and five were missing after a Pennzoil Gulf of Mexico well blew out. Active Texaco shed ⅞ to $33⅞. Mobil 1½ to $69⅜. Gulf 1¼ to $39⅜ and Superior Oil 6½ to $127½.

Ford Motor lost 1½ to $26⅜. It has arranged an additional $1bn line of credit. Last week Ford announced plans for a $300m debenture offer. General Motors lost ⅞ to $47 and Chrysler, which is being sued by Bank Bruxelles Lambert over a $10m loan, shed ¼ to $6½.

Banks were weak. Analysts said bank first quarter earnings could be the worst of the year.

Active First Pennsylvania lost ⅜ to $4, Citicorp ⅜ to $17½. Bankers Trust ½ to $37½ and Continental Illinois ¼ to $22¾.

THE AMERICAN S.E. Market Value Index lost 5.35 to 247.43 at noon. Volume 1.90m shares (1.63m).

Oil and Mining stocks led the retreat. Houston Oil fell 1⅛ to $21⅞. Gulf Canada 4¼ to $124½, Dome Petroleum 2¼ to $52⅞ and Giant Yellowknife ½ to $15½.

Canada

Markets continued to retreat over a broad front early yesterday in moderate trading. The Toronto Composite Index declined 23.3 to 1,864.8 at midday, while Oil and Gas fell 86.4 to 4,124.6 and Metals and Minerals 41.6 to 1,896.6. The Gold Share Index, however, gained 25.7 to 3,086.7. In Montreal Banks lost 2.89 to 300.07 and Papers 1.58 to 181.52.

Tokyo

Share prices were inclined to move higher in moderate trading led by Electricals, Vehicles, and some Resources Stocks.

The Nikkei-Dow Jones Average finished 21.81 up at 6,567.25 while rises outscored falls on the first market section by 325 to 263. Trading volume amounted to 270m shares.

Large-asset shares, including Heiwa Real Estate up Y13 at Y568, and Nippon Wool rose, while Machinery Issues and Pharmaceuticals also gained ground.

Toyota Motor gained Y7 to Y803, Koa Oil Y19 to Y899, and Canon Y16 to Y605, Matsushita Electrical Y15 to Y669, Olympus Y14 to Y669 and Sony Y20 to Y1,730.

However, Nippon Oil declined Y20 to Y2,224, Teikoku Oil Y20 to Y1,080 and Pioneer Electronic Y20 to Y1,780, while Trading House Mitsubishi receded Y11 to Y717.

Germany

Shares were mostly easier in very quiet trading, the market's mood still soured by high interest rates with little relief in sight.

The Commerzbank Index was down 3.2 at a new 1980 low of 679.3.

Banks showed the sharpest downtrend for any single sector with Bayerische Hypothekenbank falling DM 3 and Dresdner DM 2.40. However, Bayerische Vereinsbank hardened 50 pfennigs following the higher net profits.

Motors generally improved against the trend, Daimler Benz advancing DM 2 and Volkswagen DM 2.50. Neckermann rose DM 1.50 in Stores.

The Domestic Bond Market steadied slightly, with Public Authority paper registering gains of up to 10 pfennigs but some losses extending to 60 pfennigs. Mark Eurobands remained weak, however.

Australia

Mining shares were mainly easier in hesitant trading while the Oils sector and Industrials recorded mixed movements.

The Sydney Metals and Minerals Index was down 21.67 to 4,793.38, although the All Ordinaries Index was only 0.99 easier at 784.95.

Some oils firmed on news of an oil strike in the Cooper Basin. The three partners in the field all advanced, Santos gained 30 cents to A$6.60, Vangas 20 cents to A$2.80 and Western Mining 8 cents to A$4.08.

Hooker strengthened 4 cents to A$1.10 still responding to news of its merger with Tooths. Renison gained 30 cents to A$16.80, and Diamond Explorer Leichardt 40 cents to A$4.50.

Ashton, Central Norseman Gold and Queensland Mines all made slight gains, but Central Pacific shed A$3 to A$31.00 and Pancontinental, Peko-Wallsend CRA and AOG were also easier.

Market leader BHP shed 5 cents to A$11.80 while CSR retreated 12 cents to A$4.92 but ANZ Banking put on 10 cents to A$4.40 and Thomas Nationwide Transport also added 10 cents at A$2.40.

Paris

Some bargain hunting at the start of the new monthly trading Account caused the Paris Bourse to pick up yesterday. The CAC General Index gained 0.7 to 104.9.

Gains predominated in practically all sectors, although there was some irregularity among Portfolios, Constructions, Rubbers, Textiles and Transportation issues. Rises led falls by 124 to 54 in the French section.

Francaise des Petroles firmed FFr 7 to FFr 255 despite its denial to a Kuwaiti newspaper report that it had discovered oil in North Yemen.

Also gaining ground were Saunier-Duval, which put on 9 per cent, BCT, Rue Imperiale, Casino, Peugeot-Citroen, Generale d'Entreprises, Michelin, Kali, Borel, Prenatal, Marine-Wendel, Lefebvre, Dollfus-Mieg, Uta, St. Gobain and L'Oreal. Lower issues included were Bail Equipement, Simnord, Routiere Colas, Kleber, Galeries Lafayette, Bellon, Sommert-Allibert, Navigation Mixte and Imetal.

Johannesburg

Gold Mining shares closed on a steady note following an afternoon rally in which several counters recouped morning losses. Harties rose R2.25 to R60.50, Kloof R1.25 to R31.25 and Vaal Reefs 50 cents to R60.00.

Mining Financials were generally easier. Goldfields dropped R2 to R80.00 while De Beers eased 50 cents to R9.90.

Platinums were mixed with Implats receding 10 cents to R6.40 and Rusplats gaining 10 cents to R5.40, the latter ahead of interim results.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

Mar. 21	Mar. 20	Mar. 19	Mar. 18	1979-80 High	1979-80 Low
58.24	58.66	59.31	59.09	67.77 (15/2/80)	53.88 (27/3)

Rises and Falls	Mar. 21	Mar. 20	Mar. 19
Issues Traded	1,859	1,855	1,864
Rises	484	498	889
Falls	966	967	578
Unchanged	409	390	397
New Highs	—	6	1
New Lows	—	147	120

MONTREAL

	Mar. 21	Mar. 20	Mar. 19	Mar. 8	1979-80 High	1979-80 Low
Industrial	368.40	368.30	370.47	364.46	423.80 (29/2/80)	219.19 (2/1)
Combined	327.77	332.87	336.38	331.26	378.39 (25/2/80)	225.80 (2/1)
TORONTO Composite	1888.10	1906.6	1924.0	1864.7	2192.6 (29/2/80)	1515.8 (2/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
IBM	1,479,800	56⅞	−1⅝
Texaco	673,600	34⅞	+ ⅝
Sears Roebuck	553,000	15	− ⅛
Mobil	341,800	70⅞	− ⅛
Ford Motor	318,400	28⅛	−1½
Digital Equip.	315,900	60⅞	−1⅞
Phillips Petrolm.	301,100	44	− ½
Mid-So. Utl.	300,500	10⅞	− ⅛
Exxon	292,900	58½	+ ⅛
Amer. Home Pd.	266,100	23	− ¼

	Mar. 24	Mar. 21	Mar. 20	Mar. 19	1979-80 High	1979-80 Low
SINGAPORE Straits Times (1966)	453.12	455.43	457.56	452.43	504.11 (6/3)	429.75 (3/1)
SOUTH AFRICA Gold (1958)	(u)	538.3	546.5	530.8	694.5 (6/3)	505.0 (17/3)
SOUTH AFRICA Industrial (1958)	(u)	488.7	491.2	489.8	517.2 (14/2)	456.0 (28/1)
SPAIN Madrid SE (28/12/78)	(c)	100.08	99.98	(c)	105.29 (21/2)	88.31 (15/1)
SWEDEN Jacobson & P. (1/1/58)	372.90	374.51	369.60	368.28	398.98 (8/2)	334.72 (17/1)
SWITZERLAND Swiss Bank Cp. (31/12/58)	285.7	284.60	286.1	284.5	317.9 (11/2)	280.3 (18/3)
WORLD Capital Intl. (1/1/70)	—	—	125.8	126.1	146.3 (15/2)	125.4 (13/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.97½ (Discount of 21%)

Cocoa summit delay

OPENING OF the "summit" meeting between cocoa producing countries in the Ivory Coast has been postponed for a day to allow more time for heads of states and delegates to arrive, it was announced in Yamoussouka yesterday.

Originally the meeting, called when talks aimed at negotiating a new international cocoa agreement broke down early this month, was due to start on Sunday. Now it is likely to end only just before the special meeting of the International Cocoa Council to be held in London this week to discuss the prospects of negotiating a new pact to replace the existing Agreement due to expire on Monday. So far producers and consumers have been unable to agree on producers' demands for a minimum price of 120 cents a lb under the Agreement.

The decision by the producing countries to shift the date of their "summit" meeting originally forward by a week to April 23 raised some hopes that they were planning to evolve some kind of compromise to break the deadlock at the cocoa part negotiations.

But alternatively it is suggested producers may simply be getting together to plan their strategy if the talks to negotiate a new International Cocoa Agreement fail again.

N.Y. futures merger plans

By David Lascelles in New York

VACILLATIONS over the future of the troubled American Commodity Exchange (ACE) may finally be over with an announcement that the exchange is to merge after all with the New York Futures Exchange (NYFE).

This reverses ACE's earlier intention to merge with the New York Commodity Exchange (COMEX), so the announcement came as something of a surprise to the commodity trading community over the week-end.

ACE, which is the financial futures trading subsidiary of the American Stock Exchange, was founded only 18 months ago, but it never won a firm footing in the fast-growing financial futures business. NYFE is the financial futures market currently being set up by the New York Stock Exchange.

NYFE was first mooted as a possible rescuer of ACE two months ago.

Sugar production shortfall forecast

WORLD SUGAR values rose again yesterday following the publication of a new production deficit forecast by an influential London dealer. The May position on the London futures market ended the day £8.40 up at £238.80 a tonne.

The forecast, by Woodhouse Drake and Carey, put 1979-80 world production at 85.52m tonnes, 5.4m below projected consumption. In an earlier forecast the company had put the overall world deficit at 3.02m tonnes.

The bigger deficit forecasts did not come as a complete surprise, however. It had been widely anticipated in the market and had been a factor in last Friday's late price rise.

The forecast puts Western European production for 1979-80 at 17.28m tonnes against consumption of 15.82m, and Eastern European output at 12.23m against 17.92m.

Woodhouse said an overall deficit of 5.4m tonnes can be expected in spite of another record crop in the EEC. It places total EEC production at 13.245m tonnes against consumption of 10.52m tonnes.

Overall production for the Americas is also forecast higher than consumption, at 30.015m tonnes against 26.305m tonnes. But of that, North American production is forecast well down at 5.35m tonnes against consumption of 10.99m.

Woodhouse predicts total production for Asia in 1979-80 will fall far short of consumption estimates, at 16.27m tonnes and 23.285m tonnes, respectively.

African production is forecast at 6.1m tonnes, slightly below the consumption estimate of 6.495m tonnes.

Copper stocks rise

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices advanced on the London Metal Exchange yesterday in spite of a rise in warehouse stocks. Cash wirebars closed £30.5 up at £1,034.5 a tonne. The rise was attributed to the upward trend in gold, and a general feeling that copper prices had been driven too low in the recent sell-off.

The rise in warehouse stocks, up by 2,525 to a total of 117,350 tonnes, was in line with market forecasts, and had largely been discounted by Friday's decline in prices. However it is seen as fairly significant that stocks should rise again — after recording the first increase for 14 months five weeks ago. It would certainly be viewed "bearishly" if warehouse stocks continued to rise.

A rise in lead warehouse stocks, which rose by 1,075 to a total of 9,825 tonnes, depressed the cash price by £10.5 to £512 a tonne. However, the three months quotation gained £2.5 to £472.5 as dealers were far from convinced that the shortage of nearby supplies has ended. However Asarco announcerd last night it was cutting its domestic selling price of lead by 2 cents to 48 cents a pound.

As expected, tin stocks fell by 330 to 3,250 tonnes. But other metal stocks were all higher. Zinc rose by 1,075 to 9,825 tonnes; aluminium by 1,175 to 37,525 and nickel by 276 to 6,948 tonnes. LME silver holdings increased by 740,000 to 15,800,000 ounces. Silver prices rose steadily yesterday in line with gold. So did free market platinum which gained £23.05 to £311.70 ($680) an ounce.

● World price of iridium, one of the platinum group metals, was raised yesterday by $100 to $500 a troy ounce by Rustenburg Mines of South Africa. At the same time the sterling prices of other platinum group metals were raised effective immediately, by Rustenburg, to adjust for the rise in the value of the dollar against sterling.

As a result UK platinum producer price goes up by £4 to £193 a troy ounce; palladium by £2.50 to £101 and rhodium by £8.50 to £368.

Sterling price of iridium jumped from £175 to £230 an ounce to take account both of the rise in the dollar and the world price increase. Iridium is a hardening material normally alloyed with other metals. It is mainly used in the electronics industry, often combined with platinum, but is best k nown for its use in pen nibs.

More UK grain for export this year

LESS USE of grain for animal feeding in the UK means there is more British grown barley and wheat available for export in the year to end July than previously thought, the Home Grown Cereals Authority said.

On the basis of Ministry of Agriculture statistics, the authority yesterday estimates exportable supplies of barley this season at 1.19m tonnes and of wheat at 515,000 tonnes, against previous estimates of 957,000 and 300,000 tonnes respectively.

British barley and wheat exports to the end of February were 391,000 and 196,000 tonnes.

Traders said an additional 300,000 tonnes of barley have probably been committed for export, leaving perhaps over 400,000 tonnes unsold and uncommitted.

The Ministry figures show end of season barley stocks at 565,000 tonnes against 630,000 a year earlier, but wheat stocks are little changed at 1,465,000 tonnes.

Consumption of all grains for 1979/80 season for animal feeding is estimated at 11,610,000 tonnes it added.

Brazil silent on coffee purchase

RIO DE JANEIRO—Brazilian coffee traders could offer no confirmation of market rumours that Brazil may have bought Indonesian robusta coffees, but said they did not exclude the possibility.

Some traders noted the rumoured purchase may be part of plans to tighten the spot supply situation in Europe and would ease the overhang of Bogota Fund stocks on the London terminal.

They also noted market reports that the Bogota Fund may be reducing its stocks in New York by shipping half to the Brazilian Coffee Institute (IBC) warehouse in Trieste and by gradually selling off the remainder.

They said there are sound reasons why the Fund might want to sell off its stocks, including the high cost of stock financing and the need for liquidity for terminal market operations.

In London coffee futures closed the morning steady but little changed from the opening and between £5 and £9 per tonne down from Friday. Spot March lost £5 to £1,644 after trading at £1,646.

Meanwhile in London, early effective introduction of coffee quotas by the International Coffee Organisation (ICO) is hindered by shifts in shares of world trade in coffee between leading exporters, delegates to an ICO executive board meeting said.

As a result, large quotas of "paper coffee" could be given to countries with historically large exports but reduced immediate availability, they added. Similarly, ercent expansion in actual exports would not be reflected in quotas which are mathematical calculations based on actual exports and stocks.

In particular the fall in production in Brazil, Angola and Uganda and the growth in Colombian and Indonesian exports would lead to quotas not accurately reflecting current shares of the world coffee market.

Under the Coffee Agreement the size of the annual quota is set by the ICO executive director but he cannot alter the share-out among producers.

Reallocation of shortfalls would solve this problem over a 12-month period, but before this can be achieved artificial and temporary shortages will be caused by the operation of quotas, delegates stated.
REUTER

UK sheepmeat output likely to rise

By Our Commodities Staff

UK OUTPUT of mutton and lamb is forecast to rise 8 per cent this year according to the Meat and Livestock Commission. Following its latest four-monthly survey the Commission said production could reach 245,000 tonnes.

But total supplies, including imports, could well be down on last year's 400,000 tonnes, MLC said. "Increased exports and a decrease in imports from New Zealand are possible," it said.

COMMON AGRICULTURAL POLICY

Doubts about UK food self-sufficiency

BY RICHARD MOONEY

THE EEC as now constituted is unlikely to offer Britain security of food supply in an emergency, according to a report published by the University of Reading's Centre for Agricultural Strategy today.

The report, by C. Ritson, defines food security as "the ability to met minimum food requirements from domestic sources in times of emergency."

It warns that in an emergency some farm inputs are likely to be in as scarce supply as food products. There would be little point, therefore, in expanding agricultural production by increasing use of these inputs. "The Government should perhaps subsidise the kind of production systems thought likely to be necessary in an emergency, rather than encourage a general expansion on the basis of existing technology and input mixes," the report suggests.

It says the Community has the capacity to provide food security to the UK, but questions whether this would be possible in practice.

"A world economic environment in which the UK found it impossible to purchase enough food (at world prices) to keep all its population alive also seems to be an environment in which membership of the EEC, given its present state of development, would be meaningless," the author argues.

From Britain's point of view the CAP simply represents a supply arrangement with the EEC, he says. "The UK has in effect agreed to purchase from other member states, at a negotiated price, such part of the country's import requirements of CAP products as the rest of the EEC chooses to provide."

The CAP is a classical example of a trade stabilising policy with domestic target prices set so high that virtually all the stabilising is done by variable taxes on imports of deficit products and variable subsidies on exports of surplus products, Mr. Ritson says. He says the policy's stabilising role is not as effective in cases when world prices are higher than in the EEC as it is when world prices are lower.

"If world prices moved above CAP prices import subsidies would not be a major feature, but export taxes would."

The report dismisses the special significance of food self-sufficiency on the balance of payments.

"Extra output which generates foreign exchange can be as helpful as output which saves foreign exchange." Mr. Ritson says. "Self-sufficiency could, however, be relevant to the balance of payments question if the need to import large quantities of food were itself seen as one cause of the tendency towards external deficit."

Mr. Ritson notes that Government measures which restrict imports are regarded less severely by trading partners than those which subsidise exports, which can lead to retaliation.

Overall the report questions the whole concept of food self-sufficiency as an economic objective. "It is very difficult," Mr. Ritson says, "to identify just what it is about agricultural self-sufficiency which brings a national benefit, and why therefore it should rank as a major objective of government agricultural policies."

"Food security is a national matter which requires national solutions," the report says. "At some future date European union might reach a state of development such that one could envisage food supply security applying to the EEC as a whole. At present this seems a long way off."

Self-Sufficiency and Food Security from the Centre for Agricultural Strategy, University of Reading, 2, Earley Gate, Reading RG6 2AU.

Australian wool sales resume this week

SYDNEY — Australian wool sales are scheduled this week for Brisbane, Portland, Adelaide and Albany on March 26 and 27, the National Council of Wool Selling Brokers said.

The sales are the first to be held since early February, when the prolonged storemen's 11-week strike caused the indefinite suspension of rostered sales.

The total offering is expected to be some 136,000 bales, the council said.

Wool brokers say they are uncertain how Australian wool prices will respond to the resumption. They expect initial demand to be keen, but tempered by buyer caution.

Their uncertainty stems partly from the fact that Australian auctions are normally world price pacesetters and the break means the market will have to find a new level.

The Japanese wool spinning industry will resume normal operations soon, the Japan Wool Spinners Association said in Tokyo yesterday.

Some spinners had been forced to reduce operations due to a decline in their inventory of raw wool, but following the settlement, they expect to receive raw wool supplies later next month.

China aims to increase its imports of raw wool from Australia and New Zealand under an agreement signed with the International Wool Secretariat, Dr. Gerald Laxer, managing director of the IWS, said in London yesterday.
Reuter

U.S. food aid held up by transport

SCARCITY of transport in Mombasa is complicating the unloading of thousands of tons of maize sent by the U.S. to relieve Kenya's cereal shortages.

Two weeks ago 30,000 tons of maize arrived in Mombasa, which was expected to have been unloaded and sent up country by rail within a week. About 55 trucks have been organised for the operation but at least 120 are needed. Large new consignments of maize and wheat are expected in the next few weeks.

The Minister of Transport and Communications, Mr. Henry Kosgey, has been warned by the Mombasa Provincial Commissioner that the port could easily become congested if ships are forced to stay a long time offloading.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved ahead on the London Metal Exchange. After opening at £1,040 forward metal eased to £1,030 in thin trading before recovering quickly to its opening levels. Thereafter the market was sustained by short covering, the strength of gold and a firm opening on Comex which lifted forward material to the day's high of £1,054 prior to a close on the late kerb of £1,049.5. Turnover 18,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1020-1	+7	1034-5	+30.5
3 months	1053-4	+9.5	1046-7	+59
Settlem't	1021	+7	—	......
Cathodes				
Cash	974-5	+8	990-4	+34.5
3 months	1004-6	+3.5	1016-20	+30.5
Settlem't	975	+8	—	......
U.S. Prod.	—	......	*94-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £976, 75, three months £1,040, 39, 38, 37, 38, 39, 38, 37, 38, 39, 38, 37, 36, 35, 34, 33. Kerbs: Wirebars, three months £1,036, 36, 37, 38, 37. Afternoon: Wirebars, three months £1,040, 41, 40, 37, 38, 37, 46, 44, 45, 46, 47, 48, 49, 48.5, 48, 48.5, 47, 47.5, 47. Kerbs: Wirebars, three months £1,050, 51, 52, 53, 54, 55, 54, 53, 52, 50, 51, 50, 49, 50, 51, 52, 51, 50.

TIN—Moved narrowly in subdued trading. The East was higher over the weekend. Forward metal started and finished at £7,900 and moved within a £20 range throughout the day with operations confined to day-to-day jobbing. Turnover 1,765 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7850-60	—5	7860-80	+55
3 months	7900-20	+5	7900-20	+47.5
Settlem't	7860	—10	—	......
Standard				
Cash	7850-60	—5	7860-80	+55
3 months	7900-10	+29	7900-10	+47.5
Settlem't	7860	—10	—	......
Straits E.	‡$2351	+22		......
New York	—	......		......

Morning: Standard cash £7,840, 60, three months £7,900, 7,890. Kerbs: Standard, three months £7,900. Afternoon: Standard, three months £7,900, 10. Kerbs: Standard, three months £7,900.

LEAD—Steady for forward metal although cash material lost ground reflecting the rise in stocks which narrowed the backwardation to £32 at one point. Forward metal opened at £467 and moved up to £474 before closing the late kerb at £473. Turnover 5,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	510-5	—18	510-4	—10.5
3 months	467-8	+5	472-3	+2.5
S'ment	515	—18	—	......
U.S. Spot	—	......	*50	......

Morning: cash £515, 10, three months £471, 68. Kerbs: Three months £469. Afternoon: Cash £414, three months £472, 74, 73. Kerbs: Three months £474, 73.

ZINC—Higher in line with copper and gold. Forward metal opened around £333.5 level and moved up gradually to close at the day's high of £337.5. Turnover 5,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	331-3	+1.5	333-4	+4.5
3 months	335-6	......	337-8	+5.25
S'ment	333	+2	—	......
Primw'ts	—	......	*39.5	......

Morning: Cash £331, three months £337, 35, 36, 35.5. Kerbs: Three months £336. Afternoon: Three months £337, 38. Kerbs: Three months £338.

ALUMINIUM — Firmer for three months material although cash metal eased back marginally. Forward metal opened higher at £866 and edged up to touch £875 before reacting to profit-taking which prompted a close on the late kerb of £871. Turnover 3,950 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	930-60	+30.5	930-45	—7.5
3 months	874-5	—14	874-5	+13.5

Morning: Three months £875, 74, 73. Kerbs: Three months £875. Afternoon: Three months £875, 76, 74. Kerbs: Three months £876, 76, 74. Kerbs: Three months £874, 71.

NICKEL—Barely changed in quiet and routine trading with forward metal finally quoted at £3,150 on the late kerb. Turnover 330 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3040-70	+15	3040-50	—12.5
3 months	3146-55	+15	3145-55	—2.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Untraded. — Afternoon: Untraded.

SILVER

Silver was fixed 96.3p an ounce higher for spot delivery in the London bullion market yesterday at £10.566. U.S. equivalents of the fixing levels were: spot $23.05, up $2.02; three-month $23.743, up $2.013; six-month $24.585, up $2.028; and 12-month $25.678, up $2.316. The metal opened at £10.2-10.7 ($22½-23¼) and close at £10.75-11.1 ($23½-24¼).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1056.6p	+96.5	1074p	+94
3 months	1085.6p	+96.5	1106p	+92
6 months	1121.6p	+98.5	—	......
12months	1156p	+97.5	—	......

LME—Turnover 146 (147) lots of 10,000 ozs. Morning: Three months 1,070, 65, 68, 70, 80, 75, 75, 72, 70. Kerbs: Three months 1,075. Afternoon: Three months 1,090, 88, 92, 90, 93.5, 1,100, 05, 01, 05, 02, 05. Kerbs: Three months 1,110, 12, 10.

COCOA

Opening a little steadier futures today traded quietly throughout the morning but following a firm New York opening moved to the highs closing £25 above Friday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1425-29	+19.0	1425-1416
May	1454-55	+24.0	1455-59
July	1464-65	+23.0	1468-48
Sep	1472-74	+22.5	1475-58
Dec	1501-04	+22.0	1505-1490
March	1525-30	+23.0	1519-15
May	1540-50	+28.0	1540-35

Sales: 1,963 (1,184) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 21: 140.23 (139.80). Indicator price March 24: 15-day average 140.53 (140.51); 22-day average 140.97 (141.15).

COFFEE

After opening slightly easier in mixed dealings robustas settled in a narrow traded range during a quiet morning session, reports Drexel Burnham Lambert. With no fresh fundamental or physicals news, the afternoon was once again disappointing, but prices held relatively steady despite further commission house selling pressure reflecting lower than expected New York prices.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1640-48	—6.0	1646-40
May	1670-72	—11.0	1676-71
July	1701-02	—9.0	1705-98
Sept	1729-30	—11.5	1738-29
Nov	1730-31	—12.0	1737-28
January	1723-31	—7.0	—
March	1660-1750	—	—

Sales: 2,057 (4,819) lots of 5 tonnes.

ICS indicator prices for March 21 (cents per pound): Other Mild Arabicas 185.67 (185.50). Robustas ICA 1976 169.50 (168.5). ICA 1968 169.75 (168.75). Unwashed Arabicas 205.00 (same). Comp. daily ICA 1968 189.36 (189.17).

GRAINS

LONDON GRAIN FUTURES—Old crop values eased on commercial selling pressure but good buying interest was seen at the lower levels and the market rallied, reports Acli. New crops opened unchanged and remained steady throughout the session.

	WHEAT		BARLEY	
Mnth	Yest'rdays close	+ or —	Yest'rday close	+ or —
May	94.65	+0.05	93.95	+0.10
Sept	93.65	+0.15	91.95	+0.15
Nov	97.90	+0.20	96.10	+0.20
Jan	101.85	+0.25	100.10	+0.25

Business done—Wheat: May 94.65-94.10, Sept. 93.85-93.70, Nov. 97.90-97.65, Jan. 101.80-101.50. Sales: 216 lots of 100 tonnes. Barley: May 93.95-93.55, Sept. 92.00-91.80, Nov. 96.00-95.90, Jan. 100.10-99.80. Sales: 302 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent April 98.50, May 98.40, June 98.30 transhipment East Coast. English Feed fob April 97.50 East Coast seller, May 98.50 paid East Coast. Maize: U.S./French March 116, April 117 transhipment East Coast. S. African Yellow April 75.50. Barley: English Feed fob April 99, April-June 99.50 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat—E. Midlands 95.00; Scotland 102.00. Feed barley—Eastern 93.40; E. Midlands 93.40; N. East 94.80; Scotland 91.80.

The UK Monetary Coefficient for the week beginning Monday, March 31 (based on HGCA calculations using three days' exchange rates), is expected to remain unchanged.

RUBBER

The London physical market opened unchanged with little physical interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 327 (same) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr.	68.75-70.50	69.85-69.75	68.75-68.40
May	71.50-71.70	71.00-71.10	71.80-71.25
Apr-Jne	71.55-71.80	70.95-71.00	71.75-71.50
Jly-Sept	75.75-75.80	74.90-75.00	75.85-74.90
Oct-Dec	79.75-79.80	78.50-78.40	78.85-78.25
Jan-Mar	82.50-82.70	81.60-81.15	82.55-81.70
Apr-Jne	85.45-85.50	85.60-85.70	85.15-85.50
Jly-Sept	87.85-87.95	86.40-86.50	
Oct-Dec	90.45-90.50	89.20-89.35	90.10-89.70

Sales: 282 (296) at 15 tonnes, 36 (17) at 5 tonnes.

Physical closing prices (buyer) were: Spot 68.50p (68.00p), April 71.50p (71.00p), May 72.75p (72.00p).

SOYABEAN MEAL

The London Market opened with small losses except nearby positions which held steady on a tight cash situation, reports T. G. Roddick. Prices rallied aided by nearby firmness and closed with gains of £1.00 in near April to 50p losses in back months.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	115.20-15.5	+1.05	114.60-15.00
June	111.20-11.6	+0.45	111.50-10.50
August	112.20-13.1	—0.05	112.70-12.50
October	110.20-10.4	—0.65	111.00-10.40
December	115.00-14.0	—0.50	15.50
February	116.00-17.0	—0.80	—
April	118.00-20.0	—0.50	—

SUGAR

The market first traded some £3.00 above pre-weekend levels but trade selling developed and prices fell back over the day, reports C. Czarnikow.

LONDON DAILY PRICE (raw sugar): £221.00 (£208.00) a tonne cif for March-April-May shipment. White sugar daily price was £234.00 (£221.00).

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	221.00-30.00	209.00-18.00	—
May	258.75-58.85	250.50-50.60	242.00-29.50
Aug	251.75-52.00	244.50-44.75	255.00-40.00
Oct	262.25-62.75	255.00-55.25	264.00-54.75

Sales: 6,789 (7,671) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only). May 240.00, 240.50; Aug. 253.50, 254.00; Oct. 263.50, 263.75; Jan. 273.00, 276.00; March 285.50, 287.00; May 285.00, 286.50. Sales: 985 (922).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £305.00 (£290.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 21: Daily price 18.83 (18.73). 15-day average 20.02 (20.19).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 488.0, 489.0, 488.0-485.0, 88; July 505.5, 506.0, 510.0-504.0, 421; Oct. 503.0, 504.0, 508.0-502.0, 208; Dec. 503.0, 504.0, 506.5-502.0, 141; March 505.0, 507.0, 509.0-506.5, 15; May 506.0, 508.0, 510.0-506.0, 10; July 508.0, 508.5, 512.0-508.0, 8. Sales: 891.

BRADFORD—Buying continues slow on a hand-to-mouth basis at competitive prices. Buyers' capacity is not fully employed, nor likely to be in the foreseeable future.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales)... New Zealand cents per kilo. May 390, 400, nil, nil; Aug. 410, 412, nil, nil; Oct. 410, 413, nil, nil; Dec. 410, 414, 413, 2; Jan. 410, 415, nil, nil; March 420, 430, nil, nil; May 420, 430, nil, nil; May 420, 430, nil, nil; Aug. 423, 435, nil, nil. Sales 2.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 88 tonnes. Few dealings occurred with only limited uptake. Scattered operations were directed towards Middle Eastern qualities.

TEA AUCTION

LONDON TEA AUCTION—47,543 packages were offered at yesterday's auction. Assams sold well, brighter sorts 2-4p dearer. Bright East Africans were firm to dearer, mediums irregular. Plainer Central Africans went lower, except grainy dusts. Quality Ceylons and dusts went firm, other 3-5p easier. Quotations: Quality 140p per kg (143p): Medium 115p (115p): Plain 61p (64p).

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £2.20-£4.00; large haddock £3.50-£5.00, medium £3.30-£4.00, small £2.20-£2.70; large plaice £4.30-£4.60, medium £4.30-£4.60, best small £3.80-£4.70; large skinned dogfish £15.00, medium £13.00; large lemon soles £10.50; rockfish £2.60-£3.20; saithe £2.30-£2.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 20 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1930/1960	+10	$2180/22
Copper			
Cash w'bar	£1,034.5	+30.5	£1,160
3 mths	£1,046.5	+30	£1,179.5
Cash Cathode	£992	+34.5	£1,116
3 mths	£1,018	+30.5	£1,147.5
Gold troy oz	$566.5	+38.5	$627.5
Lead cash	£512	—10.5	£509
3 mths	£472.5	+2.5	£484.5
Nickel	£3,335	......	£3,195.75
Freemkt(cif (lb)	295/310c	......	305/330c
Platin'm'try oz	£189-193	......	£189
Free mkt	£311.70	+23.05	£369.88
Quicksil'ver	$395/405	......	$390-400
Silver troy oz	1056.6p	+96.5	1461.75p
3 months	1085.6p	+96.5	1448.50p
Tin Cash	£7,870	+55	£7,510
3 mths	£7,905	+47.5	£7,630
Tungsten22.04lb	$141.14	......	$139.11
Wolfrm 22.04 lb	$147/151	......	$156/142
Zinc cash	£333.5	+4.5	£387.5
3 months	£337.5	+5.25	£387.5
Producers	$825	......	$825
Oils			
Coconut (Phil)	$735w	......	$835
Groundnut	‡		‡
Linseed Crude	£454	—5	£446
Palm Malayan	$637.50v	—2.5	$672.50
Seeds			
Copra Philip	$505	+2.5	$545
Soyabean(U.S.)	$275.15x	+3.35	$286.70
Grains			
Barley Futures	£91.95	+0.15	£98.70
Maize			
French No3AM	£116	......	£116
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,485	+24	£1,422
Future May	£1,454.5	+24	£1,402.5
CoffeeF't'rMay	£1,671	—11	£1,574.5
Cotton A.Index	94.15c	+0.7	94.45c
Rubber (kilo)	68.50p	+0.5	71p
Sugar (Raw)	£221	+13	£220
Woolt'ps 64s kl	308p kilo	......	297pkilo

s June. v May. t March-April. u April. w April/May. x July. z Indicator. § Buyer. ‡ Per 76 lb flask.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scottish killed sides 65.0 to 68.0, Eire hindquarters 78.0 to 81.0, forequarters 48.0 to 50.0. Veal: English fats 76.0 to 90.0, Dutch hinds and ends 100.0 to 112.0. Lamb: English small 56.0 to 76.0, medium 64.0 to 72.0, heavy 58.0 to 66.0, Scottish medium 56.0 to 72.0. Imported frozen N.Z PL 53.0 to 54.0, PM 51.0 to 52.5. Pork: English, under 100 lb 38.0 to 49.0, 100-120 lb 38.0 to 47.0, 120-160 lb 37.0 to 45.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 24. GB Cattle 85.28p per kg lw. (+2.13). UK Sheep 169.4p per kg est. dcw. (+6.3). GB Pigs 69.0p per kg lw. (—0.1).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navels 4.00-4.80; Jaffa: Shamouti 50/189s 4.30-5.45; Moroccan: 84/113s 4.00-4.50; Cyprus: Valencia Lates 3.60-4.20. Ortaniques—Jamaican: 54/126s 6.50-7.00. Mandarins—Spania: 4.80-5.50. Lemons—Italian: 100/150s 4.20-4.30; Cyprus: 15-kg 84/120s 3.40-4.30; Californian: 99/165s 4.80-6.00; South African: 80/120s 5.20-5.80. Grapefruit—Cyprus: 20-kg 3.00-4.40; Jaffa: Large boxes 32/88s 4.00-4.80; Florida: Pink flesh 36/48s 5.40-5.60. Apples—French: Golden Delicious, boxes 40-lb 138/175s 5.40-6.50, 20-lb 2.50-3.00, Starkcrimson 40-lb 5.80-7.50, Granny Smith 40-lb 7.50-8.00; Italian: Granny Smith 20-lb per pound 0.17, Jonathan 0.09, Starking 0.11-0.14, Romes 0.10; Chilean: Granny Smith, large boxes 125/138s 8.00; South African: Golden Delicious 10.00, Dunn's 8.50-8.80. Pears — South African: Approx. 34-lb Williams Bon Chretien 7.50, Beurre Hardy 6.00-6.50. Grapes—South African: Waltham Cross 5.20-5.80, Salba/Pryne/Bon Hannah 6.40; Chilean: Thomson Seedless 5-kilos 6.00. Plums—South African: Per pound Sungold 0.40-0.45. Avocados—Israeli: 5.00. Melons—Chilean: White 7.50, Green 7.50-8.50; Colombian: Green 10-kg 5.00. Pineapples—Ivory Coast: Each 12s 0.50-0.80, 6s 1.00-1.10; South African 6/9s 3.00-3.50. Bananas—Jamaican: 26-lb 0.18. Tomatoes—Canary: 4.00-5.50; Spanish: 3.00-4.50. Onions—Spanish 4.50-5.80; Canadian: 50-lb 4.50; Chilean: Casos 72/100s 50-lb 5.50-5.70; South African: 5.30. Lettuce—Dutch: 24s 2.20-2.40. Cucumbers—Canary: 14/18s 2.00-2.80; Dutch: 3.40; Celery—Israeli: 20/28s 3.30-3.60; Spanish: 18/36s 2.50-3.50.

AMERICAN MARKETS

NEW YORK, March 21

Gold advanced moderately and copper attracted local and commission house support on the firmer tone with gold. Sugar was limit up ahead of buying tenders next week. Coffee found light support on the delay in the Brazilian shipment. Commission house buying boosted cocoa values. The livestock complex was limit down in reaction to a bearish pig report. Follow through selling on concern over high interest rates pressured the soyabean and grain complex, reported Heinold.

Cocoa—May 140.25 (137.50), July 138.50 (136.40), Sept. 139.05, Dec. 3089, March 3159, May —, July —, Sept. —.

Coffee—"C" Contract: March 184.00-186.00 (182.00), May 190.50-191.20 (190.38), July 197.75-198.00, Sept. 201.50-202.00, Dec. 192.25-192.75, March 182.50-184.00, May 181.00-184.00, July 183.50-184.00.

Copper—March 95.20 (94.60), April 95.50 (94.90), May 96.60-97.00, July 99.70-100.10, Sept. 103.00, Dec. 104.50-105.90, Jan. 106.20, March 106.00, May 110.00, July 112.00, Sept. 114.00, Dec. 117.00, Jan. 118.00. Sales: 4,600.

Cotton—No. 2: May 89.62 (87.62), July 87.55 (85.55), Oct. 82.55, Dec. 77.70-77.90, March 78.20-78.35, May 79.00, July 79.50, Sept. —. Sales: 17,550.

*Gold—March 563.3 (536.0), April 560.0-569.0 (538.5), May 573.8, June 578.0-588.0, Aug. 595.0-599.0, Oct. 617.0, Dec. 622.0-629.0, Feb. 652.0, April 669.5, June 687.0, Aug. 704.5, Oct. 722.0, Dec. 739.5. Sales: 19,000.

Orange Juice—May 96.50-96.55 (97.15), July 97.70 (98.35), Sept. 99.50, Nov. 101.00, Jan. 102.65-102.75, March 103.25-103.85, May 103.85-104.50, July 104.35-105.20.

Potatoes (round white)—April 45.0-45.9 (44.8), May 51.5 (52.1), Nov. 74.0. Sales: 190.

*Platinum — March 662.0-669.9 (621.0), April 670.0-688.5 (683.5), May unquoted, July 685.0-725.0, Oct. 747.0, Jan. 775.0, April 810.0, May unquoted. Sales: 1,616.

§Silver — March 2240.0-2260.0 (2235.0), April 2462.0 (2561.0), May 2505.0, July 2575.0, Sept. 2647.0, Dec. 2727.0, Jan. 2754.0, March 2808.0, May 2862.0, July 2916.0, Sept. 2970.0, Dec. 3040.0, Jan. 3064.0. Sales: 2,500. Handy and Harman bullion spot 2190.0 (same).

Sugar—No. 11—May 21.05-21.20, (19.87), July 21.87 (20.87), Sept. 22.00, Oct. 23.55, Jan. 25.20, March 26.08, May 26.00, July 26.15. Sales: 14,250.

Tin—810.00-820.00 asked (817.00-823.00).

CHICAGO, March 21.

Lard—Chicago loose 19.50 (same). New York prime steam 21.00 (same).

Live Cattle—April 66.00-66.00 (67.50), June 68.45 (69.95), Aug. 67.90, Oct. 66.77, Dec. 68.20, Jan. 68.30, Feb. 68.65-68.57.

Live Hogs—April 33.82 (35.32), June 38.15 (39.65), July 40.17, Aug. 39.95, Oct. 39.45, Dec. 42.47, Feb. 44.10, April 43.47, June 45.55.

‡‡Maize—May 268-268¼ (270¾), July 281-281½ (283½), Sept. 293, Dec. 302-302½, March 314, May 323.

Pork Bellies—March 42.70 (44.70), May 43.25 (45.25), July 44.35, Aug. 43.17, Feb. 54.35, March 54.80, May 55.60, July —, Aug. —.

Silver—March 2270.0 (2210.0), April 2300.0-2280.0 (2247.5), June 2375.0, Aug. 2435.0, Oct. 2495.0, Dec. 2550.0, Feb. 2610.0, April 2675.0, June 2730.0, Aug. 2790.0, Oct. 2910.0, Feb. 2970.0, April 3030.0, June 3090.0, Aug. 3150.0.

†Soyabeans—May 624½-623½ (629½), July 647½-649 (653½), Aug. 659-658, Sept. 667, Nov. 686½-687, Jan. 703½-704, March 723, May 739.

||Soyabean Meal—May 172.00-172.50 (173.40), July 178.50-178.70 (180.30), Aug. 181.80, Sept. 184.70, Oct. 187.20-188.00, Dec. 192.70-193.00, Jan. 194.50-195.00, March 200.00-200.50, May 203.00-203.50, July 207.00-208.00.

Soyabean Oil — May 22.14-22.15 (22.31), July 22.74-22.73 (22.91), Aug 23.05-23.02, Feb. 23.35-23.30, Oct. 23.63-23.65, Dec. 24.05, Jan. 24.20, March 24.50-24.55, May 24.90, July 25.25-25.35.

†Wheat—May 421½-422 (422½), July 431½-432 (432¼), Sept. 446½-447, Dec. 466½-466, March 482, May 492.

WINNIPEG, March 21.

§Barley—March 113.50 (113.90), May 115.80 (116.10), July 118.20, Oct 114.00, Dec. 114.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 218.10 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 24.

Wheat—U.S. No. 2 Red Winter March $189, June $187, July $187, Aug. $192. U.S. No. 2 Northern Spring 14 per cent March $193, April $193, May $192, June $194, July $194, Aug. $196, Sept. $199, Oct. $204, Nov. $206, Dec. $210. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afl $134, March $133, April $133, May $134.50, June $137.50, July/Sept. $142, Oct./Dec. $147, Jan./March $155.

Soyabeans—U.S. No. 2 Yellow Gulf-ports afl. $257.75, April 260.75, May $262, June $267, July $270, Aug. $273.50, Sept. $277.25, Oct. $280.50, Nov. $280.50, Dec. $287.25, Jan. $291, Feb. $298, March $300.

Soyameal—44 per cent protein U.S. afl $231, April/May $225, April/Sept $229, Nov./March $248. Brazil pellets April/May $232, May/Sept. $236.50.

PARIS, March 24.

Cocoa (FFr per 100 kilos)—March 1300, May 1367-1380, July 1370, Sept 1395-1405, Dec. 1392.5-1400, March 1395-1410. Sales at call 1.

Sugar (FFr per 100 kilos)—May 2270-2275, July 2300-2350, Aug. 2370-2375, Oct. 2460-2470, Nov. 2450, Dec. 2540-2550, March 2600-2620, May 2640. Sales at call 1.

INDICES

FINANCIAL TIMES

Mar. 21	Mar. 20	M'nth ago	Year ago
299.9	297.44	297.34	272.03

(Base: July 1, 1952=100)

MOODY'S

Mar. 21	Mar. 20	M'nth ago	Year ago
1236.3	1234.9	1385.1	1067.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 21	Mar 20	Month ago	Year ago
Spot	430.68	422.45	425.05	360.90
F'tur's	441.46	436.98	451.36	386.76

(Average 1924-25-26=100)

REUTERS

Mar. 24	Mar. 21	M'nth ago	Year ago
1754.8	1744.2	1755.6	1574.1

(Base: September 18, 1931=100)

CORAL INDEX: Close 424-429 (—2)

LONDON STOCK EXCHANGE

Pre-Budget lethargy persists and equities ease again but Gilts harder on hopes of favourable measures

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6

* "New time" dealings may take place from 9 a.m. two business days earlier.

Investors were not swayed by weekend Press views of the measures likely to be announced by the Chancellor in his Budget *speech tomorrow* and maintained their recent indifferent attitude towards stock markets ahead of the event. This resulted in another slow day in both the main investment sectors with leading shares almost immediately losing opening firmness and drifting a shade lower, but with Gilt-edged securities hardening in a light trade.

Hoping for some expansion on last week's poor level of business at yesterday's start of the three-week Account, which also covers the Easter holiday, equity dealers had tentatively raised prices of leading industrials. The manoeuvre, however, only aroused limited selling which took values down a penny or two. The Oil majors remained restless on the possibility of a "windfall" profits tax being introduced but a host of non-producing and oil holding companies improved on speculative enthusiasm generated by Press comment.

Selected Properties moved against the general trend with occasional demand reflecting faint optimism about capital gains tax concessions, but the underlying overall equity movement was mirrored by the FT 30-share index which, after showing a fall of 1.4 at 10.00 am, closed with a loss of 2.7 at 427.2. Trading statements triggered only minimal interest and most situation stocks also passed an extremely idle trading session.

Reports of further public expenditure cuts and generally favourable Budget proposals for British Funds imported firmness to the sector. Trading conditions were again thin, but small investment buying was enough to lift longer-dated issues by [illegible] generally, although a few managed slightly larger gains. Similar circumstances at the shorter end of the market brought rises extending to [illegible] with the short tap, Exchequer [illegible] per cent 1985, [illegible]

Among recently-issued Fixed Interests, Leigh [illegible] convertible 1984-85, issued by way of rights to ordinary holders, made a quietly successful debut at [illegible] premium.

Demand for Traded options was reduced further and only 243 contracts were completed. Last week's daily average amounted to 388.

Bowring better

A weekend Press suggestion that Marsh and McLennan's contested 160p per share bid for C. T. Bowring will not be referred to the Monopolies Commission buoyed the latter which rose 5 to 131p. Other Lloyds brokers came in for support with **Alexander Howden** closing 4 higher at 113p ahead of Thursday's preliminary results. Bid hopes helped **C. E. Heath** advance 6 to 207p, while **Minet** edged forward a penny to 102p. Ahead of preliminary statements due tomorrow, **Prudential**, 138p, and **Legal and General**, 150p, declined 3 and 6 respectively. **Sun Alliance** dipped 8 to 536p and **Eagle Star** a couple of pence to 156p; the latter's annual figures are due tomorrow.

Narrow irregular price movements were the order of the day in the banking sector after a small business. **Antony Gibbs** improved 2 afresh to 84p on hopes of early news of the Hong-kong and Shanghai bid approach. **FNFC** edged forward a fraction to 15½p but **Guinness Peat** softened 4 to 106p. With the *dividend season now over*, the major clearing banks failed to attract much interest. **Midland** eased 3 to 310p xd but **Lloyds** hardened 2 to 288p.

With investment incentive curtailed by the impending Budget, activity in Breweries was minimal. **Bass**, 215p, **Whitbread**, 128p, and **Guinness**, 86p, all eased 2. **Allied**, on the other hand, ended a fraction up at 69½p. Wines and Spirits also succumbed in a small business and **Arthur Bell**, interim Thursday, eased 2 to 134p.

Business in Buildings was slow. Among the scattered irregular movements, **Brough and Jackson**, a neglected market of late, improved 3 to 145p, but **S.G.B.** shed that much to 243p. **Tilbury Contracting** eased 5 to a 1980 low of 270p reflecting selling that developed late on Friday. **Wiggins Construction**, however, responded to good half-yearly results with a gain of a penny at 29p. Timber issues were inclined easier where changed with **International** a penny off at 109p and **Mallinson-Denny** 1½ cheaper at 62½p.

Business transacted in ICI was of little consequence and the price held at 368p. Among other Chemicals, **Brent** hardened a couple of pence to 222p awaiting today's annual results, but **Dimer Stroud** shed 5 to 29p in a restricted market on further consideration of the £1m proposed cash injection announced simultaneously *with the annual loss* and dividend omission.

Stores quietly firm

Leading Stores trended quietly firm ahead of tomorrow's Budget. A Press suggestion that **Lonrho** might soon bid for the 70 per cent of **House of Fraser** it does not already own prompted an improvement of 2 in the latter to 133p. **Debenhams** edged forward a penny to 83p on Press comment, while **British Home** hardened 2 to 264p. Elsewhere, **Ernest Jones** closed 12 up at 122p ex the 100 per cent scrip-issue, while **Bambers** came in for renewed support and put on 7 to 97p. **B. and Q. Retail** hardened 2 more to 82p following speculative support and **Peters** improved a similar amount to 61p on revived bid hopes. **Lee Cooper** picked up 6 to 273p in a thin market but **Status Discount** eased 3 to 69p on further consideration of the agreed bid from **MFI Furniture**, a penny lower at 75p. Dealings in **B. Paradise** were suspended *at 54p, a penny harder on the* day, following an announcement that D. and J. Pullman has made a bid approach. In Shoes, **Headlam Sims and Coggins** hardened 1½ to 47p on an investment recommendation.

Thorn edged up a few pence to 314p, but other leading Electricals ended with small losses after fluctuating within narrow limits. **Racal**, down 2 at 211p, failed to benefit from a favourable weekend Press article. Elsewhere, **Electronic Machine** came to life with a rise of 4 to 30p, while occasional support lifted **Chloride** 2 to 55p. Wholesale Fittings improved 5 to a fresh *peak for the year* of 595p. On the other hand, **Eurotherm**, 300p, and **H. Wigfall**, 217p, eased 5 and 7 respectively.

Engineering leaders were inclined easier in extremely slow trading. Secondary issues fared little better, but **Williams and James**, down 15 more at 125p, continued to reflect the sharp fall in annual profits. **Wolseley-Hughes** encountered further profit-taking after last week's advance on *excellent preliminary* results and reacted 6 further to 282p; comment in recent issues that the company had announced a 20 per cent scrip issue with the figures was in error. **Expanded Metal** eased 3 to 58p awaiting today's preliminary statement, but revived speculative demand prompted a rise of 3 to 72p in **Anderson Strathclyde**.

Investment apathy led to scattered losses among the Food leaders. **Rowntree Mackintosh**, at a 1980 low of 140p, **J. Sainsbury**, 300p, and **Tate and Lyle**, 130p, all shed a couple of pence. Elsewhere, fresh speculative interest lifted **Avana** 2 to 120p and **William Morrison** a like amount to 140p, while **Hillards** were marked 5 higher to 160p in a thin market following favourable Press comment.

In Hotels and Caterers, **Queens Moat Houses** firmed a penny to 35½p in response to the impressive preliminary results.

W. Canning pleases

Business in the miscellaneous industrial leaders was down to a trickle yesterday as investors awaited the content of tomorrow's Budget. **Reckitt and Colman** encountered renewed nervous offerings in front of today's preliminary results and closed 4 off at 176p. Elsewhere, **Channel Tunnel** fell 30 to 170p following adverse comment, but **W. Canning** rose 5 to 54p in response to the sharply higher profits. **Stag Furniture** rose 6 to 188p on buying ahead of today's annual figures, while Press-inspired improvements of 5 and 6½ respectively were seen in **A. Arenson**, 53p, and **Gieves**, 104p xd. *George Ewer hardened 2½ to* 52p xd for a similar reason and **Royal Worcester** attracted buyers at 242p, up 7. Reflecting the company's North Sea-oil interest, **National Carbonising** improved 4 to 130p.

The Leisure sector displayed two contrasting movements in **Hawley** and **Pleasurama**, the former adding 2½ to 43½p on the sharply higher annual profits, but *the latter shedding 6 to 135p on* the possibility of tax increases on casino profits.

The earnings potential of the new automatic transmission system continued to lift **Automotive Products**, 3½ up at 73½p. **Associated Engineering** benefited from Press comment and picked up a few pence at 65½p, but other Motor Components trended easier. **Lucas** fell 5 to 218p on nervous selling in front of Thursday's interim results. Speculative demand was again apparent for **Fodens**, a penny better at 32p. Distributors also lacked support. Despite good interim results, **British Car Auctions** fell 2½ to 63p, while **Appleyard**, annual results tomorrow, gave up a couple of pence to 64p.

Scattered support was evident among Publishing issues. **News International** added 2 to 150p, while **United**, annual results due today, jumped 10 to 393p. **Home Counties** rose 4 to 107p, but **Associated Book Publishers** fell 4 to 185p in front of Thursday's preliminary results. **William Collins** produced the expected annual loss and, following the absence of a dividend, the A dipped to 70p; support was seen *at this level however and the* close was a net 2 up at 75p. Elsewhere, speculative support continued for **Eucalyptus Pulp**, 2 harder at 100p after 103p, but a sell recommendation clipped 1½ from **Inveresk**, 32½p xd.

The possibility of capital gains tax concessions in the Budget encouraged a limited demand for Properties with **Land Securities** firming 5 to 290p and **MEPC** adding 3 to 191p. **Peachey**, 129p, and **British Land**, 70p, improved 3 apiece, while stock shortages prompted a gain of 5 to 124p in **Samuel**. **Capital and Counties** hardened a couple of pence to 96p, while **County and District** put on 4 to 114p on speculative interest. **C. H. Beazer**, the turn harder at 69p, reflected the satisfactory interim performance, while **Fairview Estates**, half-yearly results today, improved a couple of pence to 237p.

Oil leaders lower

Week-end Press mention helped to stimulate occasional demand for selected secondary Oil shares, but trading conditions were generally rather quiet. Still overshadowed by fears of an increase in petroleum revenue tax, leading issues drifted lower, **BP** closing 10 cheaper at 332p xd and **Shell** 6 lower at 336p xd. In contrast, **Aran Energy** encountered support at 358p, up 18, along with **Attock**, 16 to the good at 208p. **Cambridge**, 230p, and **Cluff**, 320p, firmed 15 apiece, while **Siebens (UK)** improved to 585p before settling at 550p for a net rise of 25. Awaiting further bid developments, **Viking Oil** gained ¾ to £10¾.

Trusts followed the slightly easier trend in equities, falls of a few pence being marked against **Canadian and Foreign**, 94p. **London Trust Deferred**, 129p, and **Scottish National**, 142p.

Shippings rarely strayed far from previous closing levels. **British and Commonwealth** drifted off a few pence to 281p and **P. and O. Deferred** closed a shade lower at 108p.

In Textiles, **Sirdar** added 4 to 102p in front of tomorrow's half-timer, while the prospect of U.S. acquisitions left **Illingworth Morris** a shade firmer at 16p. Call options business helped **Carpets International**, which gained 2½ to 29p; the preliminary results are expected on Thursday.

Golds sharply higher

South African Golds made a bright start to the new account as the bullion price moved ahead strongly to close $36.50 higher at $565.50 an ounce. Also sustaining share prices was a rise in the Financial Rand ahead of Wednesday's South African budget.

The share market opened on a firm note reflecting good demand in the U.S. late on Friday. Thereafter, prices gained further ground as small buying from local and overseas sources was noted. This continued during the after-hours' trading with quotations closing at the day's best. The Gold Mines index advanced 19.8 to 326.2.

Heavyweights registered rises extending to £3, with **Hartebeest** that amount higher at £27. Gains of £2 were common to **West Driefontein**, £31⅞, and **Randfontein**, £31¾, while **Western Holdings** put on £1½ to £26⅞, **Kloof** £1⅞ to £13⅞ and **Western Deep** £1½ to £16⅞.

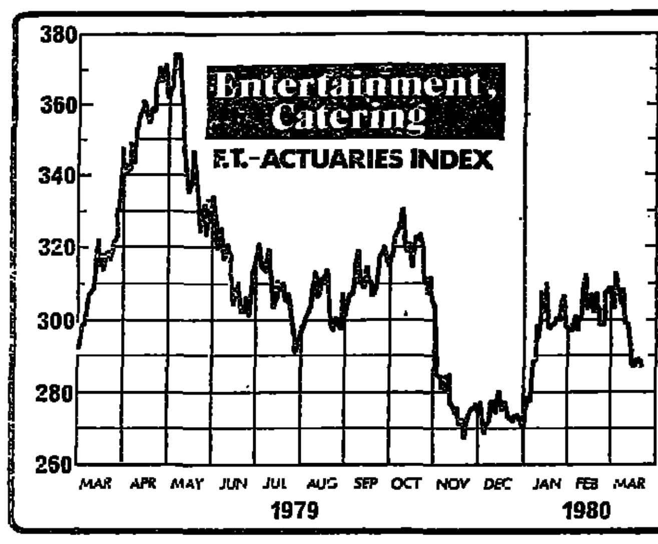
Medium and lower-priced issues showed **Elandsrand** 57 up at 389p, **Blyvoor** 52 firmer at 647p and **Marievale** 11 to the good at a 1979-80 high of 201p.

South African Financials made good progress reflecting the buoyancy of Golds. **Amgold** rose £1⅞ to £85½ xd, **Amcoal** ¾ to £10¾ and **Anglo American Corporation** 30 to 585p. **De Beers** were well supported and added 16 more to 435p.

London Financials were quietly firmer. **Rio Tinto-Zinc** rallied well after last week's setback and recouped 10 to 355p. **Gold Fields** put on 6 to 496p as did **Selection Trust**, 676p.

Platinums and Coppers attracted good support. In the former section, **Rustenburg** gained 10 to 228p and **Impala** 7 to 272p. Coppers were featured by **Mesina**, which rose 10 to 190p.

Australians were mixed in line with the uncertain trend in overnight domestic markets. Falls of 10 were common to **Peko-Wallsend**, 370p, and **Seltrust A**, 155p. **Pacific Copper** were 5 better at 210p in response to news that **Bond Corporation** had acquired a near 20 per cent holding in the company, the latter, however, eased 5 to 80p.



FINANCIAL TIMES STOCK INDICES

	Mar. 24	Mar. 21	Mar. 20	Mar. 19	Mar. 18	Mar. 17	A year ago
Government Secs.	64.19	64.10	64.34	64.40	64.16	64.15	73.03
Fixed Interest	64.87	64.76	64.79	64.78	64.73	64.75	75.56
Industrial	427.2	429.9	433.2	432.0	431.7	433.2	550.3
Gold Mines	326.2	306.4	315.0	294.3	265.5	271.8	161.1
Ord. Div. Yield	8.07	7.99	7.93	7.90	7.93	7.92	5.40
Earnings, Yld. % (full)	20.10	19.88	19.75	20.34	20.43	20.39	14.53
P/E Ratio (net) (*)	6.07	6.13	6.18	5.97	5.94	5.96	8.90
Total bargains	19,238	21,317	20,919	19,742	22,361	18,722	—
Equity turnover £m	—	100.76	87.12	87.75	111.29	79.35	140.14
Equity bargains total	—	16,500	15,919	14,924	17,900	13,321	32,035

10 am 428.5. 11 am 427.7. Noon 427.4. 1 pm 427.2.
2 pm 426.8. 3 pm 426.7.
Latest index 01-246 8026.
*Nil=5.81.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.28 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/3)	442.3 (22/5/67)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 24	Mar. 21
—Daily		
Gilt Edged	126.6	115.9
Industrials	107.9	120.2
Speculative	43.9	48.6
Totals	76.2	83.2
5-d'y A'vr'ge		
Gilt Edged	128.3	126.7
Industrials	124.0	123.8
Speculative	52.7	54.0
Totals	88.9	87.1

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and lows for 1979-80.

NEW HIGHS (9)

BRITISH FUNDS (1)
Treas. 3½pc '77-80
ELECTRICALS (2)
Electronic Machine — Wholesale Fittings
INDUSTRIALS (2)
Royal Worcester — Tebbitt
OILS (1)
Viking Oil
PAPER (1)
Smith (David)
MINES (2)
Marievale — Malay Dredging

NEW LOWS (48)

BUILDINGS (1)
Tilbury Contracting
CHEMICALS (1)
Ciba-Geigy 8¼pc Cov. 1982-95
STORES (4)
Casket (S.) — Liberty N-V Ord.
Cope Sportswear — Lincroft Kilgour
ELECTRICALS (2)
Laurence Scott — Petbow
ENGINEERING (4)
Astra Industrial — Molins
Black & Decker — Raine Engineering
FOODS (1)
Rowntree Mackintosh
INDUSTRIALS (17)
Austin (F.) (Leyton) — Ryan (L.)
Bellair Cosmetics — Sangers
Bodycote Internatl. — Sterling Industries
Dufay Bitumastic — Swire Pacific
I.C. Industries — Unilever
Lontrim — Whatman Reeve Ang.
Manch. Ship Canal — Whitecroft
Nortros — Wilkes (J.)
Reckitt & Colman
MOTORS (3)
Bluemel Bros. — Heron Motor
Dana Corp.
NEWSPAPERS (3)
Assocd. Book Pubs. — Do. A
Collins (Wm.)
PAPER (2)
Clay (Richard) — Culter Guard Bridge
PROPERTY (1)
Carlton Real
SHOES (1)
Garnar Scotblair
TEXTILES (6)
Dixon (David) — Mackay (Hugh)
Early (C.) Marriott — Sunbeam Wolsey
Hicking Pentecost — Tomkinsons
TOBACCOS (1)
Rothmans
TRUSTS (1)
Jardine Secs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	59	3	28
Corpns. Dom. and Foreign Bonds	4	4	58
Industrials	219	270	909
Financial and Prop.	81	113	305
Oils	23	12	11
Plantations	7	7	13
Mines	88	21	45
Others	41	58	28
Totals	522	488	1,397

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon., Mar. 24, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Mar. 21 Index No.	Thurs., Mar. 20 Index No.	Wed., Mar. 19 Index No.	Tues., Mar. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	229.93	−0.5	16.97	6.82	6.63	230.72	231.81	231.48	231.32	268.72
2	Building Materials (28)	226.40	−0.3	17.86	6.92	7.05	227.06	227.29	224.93	224.89	248.31
3	Contracting, Construction (28)	351.75	−0.3	27.12	6.91	4.50	352.84	355.06	356.26	357.04	407.13
4	Electricals (15)	593.23	−0.4	13.61	4.21	9.79	595.47	600.40	598.58	600.13	647.41
5	Engineering Contractors (11)	272.49	−0.4	27.18	9.45	4.63	273.51	273.71	269.73	268.22	405.22
6	Mechanical Engineering (74)	154.90	−0.5	21.51	8.39	5.80	155.54	156.25	157.22	157.20	202.85
8	Metals and Metal Forming (16)	158.84	+0.2	21.65	9.75	5.51	158.59	159.50	159.87	157.85	178.08
11	CONSUMER GOODS (DURABLE) (53)	211.17	−0.3	15.65	5.93	7.30	211.82	211.99	211.13	209.29	241.34
12	Lt. Electronics, Radio, TV (15)	300.44	−0.2	12.90	4.43	10.02	301.09	301.33	299.96	297.00	325.08
13	Household Goods (14)	105.22	+0.9	26.24	10.42	4.19	104.24	104.16	104.47	103.55	172.12
14	Motors and Distributors (21)	104.42	−0.8	25.53	9.33	4.60	105.29	105.41	104.98	104.38	126.33
21	CONSUMER GOODS (NON-DURABLE) (173)	210.93	−0.4	19.29	7.31	6.41	211.76	212.91	211.57	211.14	247.15
22	Breweries (14)	255.11	−0.7	17.26	6.86	6.89	257.97	257.50	255.27	254.42	263.79
23	Wines and Spirits (5)	289.28	−1.1	18.76	6.41	6.58	292.33	294.09	291.93	289.12	344.96
24	Entertainment, Catering (17)	286.23	−0.3	19.45	7.34	6.43	287.05	289.03	288.43	286.22	330.21
25	Food Manufacturing (19)	187.17	−0.4	21.75	8.11	5.67	187.90	189.02	187.43	187.29	226.43
26	Food Retailing (15)	293.65	−0.4	14.34	5.34	8.45	294.77	296.34	293.23	292.36	293.42
32	Newspapers, Publishing (13)	403.70	+0.1	25.00	7.61	5.46	403.29	405.87	405.65	406.20	441.06
33	Packaging and Paper (15)	123.79	−0.7	24.47	9.28	5.17	124.68	125.30	125.40	125.11	149.25
34	Stores (43)	212.02	−0.5	14.51	5.42	8.92	212.96	214.32	213.02	212.97	239.89
35	Textiles (24)	123.75	—	28.69	12.45	4.39	123.70	124.68	124.18	125.50	187.40
36	Tobaccos (3)	197.16	+0.5	29.54	11.93	3.34	196.27	197.76	196.77	196.28	278.62
37	Toys and Games (5)	31.37	+0.8	47.93	16.17	2.57	31.13	31.63	32.15	32.58	92.99
41	OTHER GROUPS (97)	196.45	−0.5	17.08	7.43	6.70	197.41	198.59	196.77	196.04	224.51
42	Chemicals (16)	291.93	−0.2	21.26	8.22	5.39	292.45	293.92	290.52	298.29	313.05
43	Pharmaceutical Products (7)	200.33	−1.0	12.79	6.53	9.49	202.40	205.51	202.55	202.60	280.02
44	Office Equipment (6)	108.56	−1.4	19.54	7.53	5.90	110.12	110.88	110.24	111.63	148.63
45	Shipping (11)	451.94	−0.7	11.40	6.35	11.12	455.07	453.15	452.94	450.11	434.40
46	Miscellaneous (57)	230.42	−0.3	18.02	7.20	6.98	231.19	232.17	230.81	228.13	250.29
49	INDUSTRIAL GROUP (492)	219.02	−0.4	18.65	7.12	6.59	219.88	220.99	219.76	219.19	254.38
51	Oils (8)	698.33	−5.3	31.45	7.29	3.38	737.31	749.03	745.45	727.95	621.42
59	500 SHARE INDEX	257.03	−1.4	21.26	7.15	5.52	260.76	262.68	261.26	259.41	284.60
61	FINANCIAL GROUP (118)	184.50	−0.8	—	6.30	—	185.83	186.45	187.89	187.12	201.04
62	Banks (6)	204.09	−1.5	47.65	7.49	2.56	207.30	205.81	205.30	205.07	237.96
63	Discount Houses (10)	209.35	−0.6	—	9.51	—	211.05	207.40	207.32	206.50	244.90
64	Hire Purchase (5)	184.99	+0.2	17.76	5.57	7.31	184.70	185.68	181.97	181.63	179.01
65	Insurance (Life) (10)	164.20	−1.5	—	6.49	—	166.98	157.82	157.26	166.67	159.05
66	Insurance (Composite) (9)	118.41	−2.9	—	8.30	—	121.89	122.99	122.92	121.68	144.73
67	Insurance Brokers (10)	267.94	+0.6	17.12	7.22	8.22	266.31	288.36	282.66	281.47	342.65
68	Merchant Banks (14)	99.16	−0.7	—	6.21	—	99.81	99.61	99.36	99.36	94.63
69	Property (45)	357.99	+1.1	3.64	3.09	39.44	354.06	356.08	356.34	355.21	337.59
70	Miscellaneous (9)	126.88	−0.1	16.37	7.21	8.02	127.06	127.80	126.40	125.70	122.83
71	Investment Trusts (109)	205.93	−0.4	—	6.41	—	204.78	204.96	205.63	205.11	231.62
81	Mining Finance (4)	188.75	+1.9	12.21	4.68	9.94	185.18	191.23	187.80	178.41	133.29
91	Overseas Traders (19)	388.15	—	13.02	6.93	9.41	388.26	390.01	385.70	383.50	374.81
99	ALL-SHARE INDEX (750)	240.49	−1.1	—	6.89	—	243.27	244.91	243.69	241.85	261.85

FIXED INTEREST PRICE INDICES

	British Government	Mon., Mar. 24	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.86	+0.26	—	2.30
2	5-15 years	103.21	+0.12	—	2.54
3	Over 15 years	107.63	+0.10	—	2.11
4	Irredeemables	118.75	+0.25	—	1.78
5	All stocks	103.66	+0.17	—	2.24

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon., Mar. 24	Fri., Mar. 21	Year ago (approx.)
1	Low Coupons	5 years	13.15	13.19	9.50
2		15 years	13.01	13.01	10.48
3		25 years	13.03	13.01	11.21
4	Medium Coupons	5 years	15.01	15.11	11.22
5		15 years	14.58	14.60	11.95
6		25 years	14.39	14.40	12.23
7	High Coupons	5 years	15.11	15.18	11.58
8		15 years	14.90	14.92	12.34
9		25 years	14.77	14.77	12.50
10	Irredeemables		12.50	12.53	10.96

		Mon., March 24 Index No.	Mon., March 24 Yield %	Fri. March 21	Thurs. March 20	Wed. March 19	Tues. March 18	Mon. March 17	Fri. March 14	Thurs. March 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	49.59	14.37	49.67	49.67	49.61	49.61	49.66	49.62	49.58	56.82
16	Investment Trust Prefs. (15)	47.12	14.08	47.75	47.91	47.91	47.91	47.91	47.91	47.70	51.00
17	Coml. and Indl. Prefs. (20)	61.24	14.67	61.18	61.38	61.38	61.34	61.34	61.31	61.43	71.31

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
BP	25p	11	332xd	−10	412	328
Midland Bank	£1	6	310xd	− 3½	383	310
BAT Inds.	25p	5	231	+ 1	271	228
Brit. Car Auction	10p	5	63	− 2½	72	50
GEC	25p	5	361	− 2	388	326
ICI	£1	5	368	—	402	353
Premier Cons.	5p	5	62½	+ 1½	87	39½
Racal Electronics	25p	5	211	− 2	241	175
Tricentrol	25p	5	278	− 4	334	250
Turner & Newall	£1	5	130	+ 1	142	99
De Beers Dfd.	R0.05	4	435xd	+16	553	97
European Ferries	25p	4	107½	− 1	123½	98
Marks & Spencer	25p	4	88	—	96	77
Shell Transport	25p	4	336xd	− 6	694	314
Status Discount	10p	4	69	− 3	72	46

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21
Apr. 21	May 2	Aug. 7	Aug. 18

For rate indications see end of Share Information Service

Calls were dealt in W. L. Pawson, John Brown, Carpets International, De Beers Defd., Ratners, Robert Kitchen Taylor, UDT, Tebbitt, Estates and Agency, Fodens, Premier Oil, B. and Q. (Retail), Debenhams, UDS, Town and City, BP, Lonrho, Lloyds Bank, Barclays Bank and Burmah. A put was done in Fidelity Radio, while a double was arranged in BP.

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	350	10	2	—	—	—	—	335p
BP	360	—	—	25	1	40	—	"
BP	390	—	—	16	1	28	—	"
BP	400	4	1	—	—	—	—	"
Com. Union	130	6	20	—	—	—	—	127p
Cons. Gold	500	24	—	15	1	66	—	495p
Cons. Gold	550	5½	76	46	—	38	—	
GEC	330	38	5	28	—	70	—	361p
ICI	420	2	—	57	—	22	5	368p
Land Secs.	330	2	1	12	1	—	—	290p
Shell	330	20	20	8	5	—	—	338p
Shell	360	7	2	38	—	32	9	"
Shell	390	4	5	11	2	20	1	"
Totals			132		9		15	
		May		**August**		**November**		
Boots	160	28	2	31	—	38	—	180p
Imperial Gp.	80	3	5	5½	—	7½	18	75p
Imperial Gp.	90	1	—	2	15	4	—	"
Racal Elec.	220	9	1	21	—	30	—	211p
Racal Elec.	240	4	4	13	—	—	—	"
RTZ	390	15	16	28	—	40	—	352p
RTZ	420	8	8	20	—	30	—	"
RTZ	500	1	—	8	81	—	—	"
Totals			35		83		18	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
50	50p	—	140	85	Berkley Exploration	97	−5	—	—	—	—
£1	F.P.	21.3	102	100	Child Health Res'ch	100	−1	—	—	—	—
10	F.P.	28.2	11¾	10	Keep Inv. Trust 5p	11¼	.....	—	—	—	—
••	F.P.	7.3	89	70	Lon.Merc'tSecs.Defd	72	+2	—	—	—	—
–	F.P.	—	34	29	Roche Plant 10p	31	.....	1.25	2.7	5.8	7.2
44	F.P.	—	60	57	WebberElctCom12.5p	57	.....	b5.5	1.3	8.8	10.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
••	F.P.	—	37p	33p	Aurora 5.85% Cum. Pref.	35pxd	.....
‖120p	F.P.	15/2	122p	100p	Clifford (Chas.) 13% Cum. Pref.	118p	+½
¶	F.P.	30/5	98p	95	Felixstowe Dock 9½% Cum Red Pref.	94	.....
¶	—	2/9	112	111	Globe Inv Tst 11½% Conv Uns Ln '90-95	111	.....
¶	£10	29/5	8⅛	7	Mid Kent Water 9% Red Pref. 1985	7¼	+¼
1	Nil	—	2½pm	2½pm	Leigh Interests 10pc Conv. Uns Ln. 1984-85	2½pm	.....
¶	F.P.	24/3	97	95	Rk'm'nsw'h & Uxbridge Wtr. 9%RdPf 1985	95	−½
¶	£10	30/5	12	11	Sutton District Water10pcRedPref.1985	12	.....

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date □	1980 High	1980 Low	Stock	Closing prices p:	+ or −
135	F.P.	21/3	2/5	167	159	AGB Research	162	−1
$C3.50	Nil	—	—	15pm	1pm	Bank of Montreal	1pm	−1
350	F.P.	—	—	391	315	Cluff Oil	320	+5
33½	F.P.	22/2	28/3	69½	55	Edwards (Louis C.)	58pm	.....
60	F.P.	3/1	24/1	845	660	Hammerson Prop. A	790	.....
60cts	Nil	—	—	435pm	120pm	Pancontinental	280	−10
68	Nil	—	13/6	2½pm	1pm	United Biscuits	2pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.51 9.72 ..... —
Prices on March 17. Next dealing March 26.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 90.0 93.0 ..... 12.90
TSBGiltFd.(Jsy.) 90.0 93.0 ..... 12.90
Prices on March 19. Next sub. day March 26.

Tokyo Pacific Holdings N.V.
[illegible]

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	46.6	49.4	-0.4	2.02
Abbey Capital	34.9	37.7	-0.4	6.11
Abbey General	45.1	48.2	-0.7	6.14
Abbey Gilt & F.I. Tst.	98.7	105.0	-0.1	4.76
Abbey Income	40.0	43.2	-0.5	9.08
Abbey Intl. Bd. Tst.	44.3	48.7	+0.1	5.57
Abbey Inv. Tst. Fnd.	35.9	38.8	-0.1	6.43
Equitas Prog. Trust	66.5	71.9	-0.7	6.23

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	89.5	94.3		13.38

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	72.1	77.3	-0.4	6.23
Brit. Inds. Fund	66.4	71.0	-0.4	6.38
Growth & Income	39.8	42.3	-0.3	5.92
Elect. & Ind. Dev.	36.6	39.2	-0.4	5.36
Allied Capital	74.2	79.4	-0.6	5.54
Hambro Fund	113.1	121.0	-0.9	6.47
Hambro Acc. Fund	138.4	148.1	-0.7	5.47

Income Funds

High Yield Fd.	65.7	70.3	-0.3	10.53
High Income	66.4	71.1	-0.5	8.31
A. H. Eq. Inc.	39.5	42.3	-0.2	8.25

International Funds

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Mar. 21	203.9	217.5	.....	5.65

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	7.28
Gt. Winchester O'seas	20.3	22.6	.....	5.45

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 9211

Emson Dudley Tst.	77.4	83.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	70.4	74.1	-0.5	5.60

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	24.0	25.3	-0.1	1.00
Fixed Interest	25.2	26.6	.....	12.00
Growth + Income	28.5	30.1	-0.1	8.2
Special Sits.	27.3	28.8	-0.1	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	25.1	27.0	.....	2.58
Accum. Units	30.5	32.8	.....	2.58
J. Finlay High Income	31.0	33.0	.....	10.60
J. Finlay Euro.Fin.	19.9	21.4	.....	4.05
Accum. Units	24.6	26.4	.....	4.05
J. Finlay Fd. in Tst.	30.5	32.8	.....	5.71
Accum. Units	36.8	39.6	.....	5.71

Prices on March 19. Next dealing March 26.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	48.2	57.2	-1.8	1.42
American Turnaround	48.6	57.6	-1.8	2.00
Capital Tst.	50.6	53.8	-0.2	5.04
(Accum. Units)	51.4	54.6	-0.2	5.04
Extra Income Trust	47.0	49.8	.....	10.56
Income Tst.	36.0	38.2	-0.2	8.71
Int. Growth Fd.	41.6	44.2	-0.2	2.28
(Accum. Units)	44.0	46.8	-0.2	2.28

Friends' Provdt. Unit Tr. Mgrs.♥

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81. Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 13-68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex: 220044 Tel: 236.57.43
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex 427104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription department: Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL & GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
430	278	Coronation	285xd	+7	†Q54c	2.2	10.8
680	520	Falcon Rh.50c	615xd	+19	†Q100c	1.7	11.2
47	34	Rhod'n Corp. 16½p	40	+1	0.56	8.5	2.0
267	160	Roan Cons. K4	200	+10	†Q0.12	♦	3.8
65	54	Wankie Col. Rh.1	59	+1	Q9c	1.5	10.5
54	29	Zam.Cpr.SBD0.24	32	+1	—	—	—

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	28	......	Conv. 9% '80/82	£86	......
Berlam	18	......	Nat. 9¾% 84/89	£70½	......
Bdg'wtr. Est. 50p	365	−15	Fin. 13% 97/02	£77⅞	......
Clover Croft	60	......	Alliance Gas	60	......
Craig & Rose £1	£10½	......	Arnott	380	......
Fife Forge	33½	+2½	Carroll (P.J.)	58	......
Finlay Pkg. 5p	21	−1	Clondalkin	103½	......
Graig Ship. £1	850	......	Concrete Prods.	80	−5
Higsons Brew	75	......	Heiton (Hldgs.)	34	......
Holt (Jos) 25p	255	......	Ins. Corp.	235	......
I.O.M. Stm. £1	165	......	Irish Ropes	80	......
Pearce (C. H.)	305	......	Jacob	37	......
Peel Mills	37	......	T.M.G.	137	−3
Sheff. Refrshmt	97½	......	Unidare	102	......
Sindall (Wm.)	165	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5		
Barclays Bank	30	Ladbroke	15	**Property**	
Beecham	13	Legal & Gen.	14	Brit. Land	7
Blue Circle	25	Lex Service	10	Cap. Counties	9
Boots	17	Lloyds Bank	24	Land Secs.	25
Bowaters	16	"Lofs"	3½	MEPC	17
B.A.T.	25	London Brick	6	Peachey	13
Brown (J.)	7	Lucas Inds.	20	Samuel Props.	12
Burton 'A'	22	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	9		
Courtaulds	8	Midland Bank	30	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	38
Distillers	21	Nat. West. Bank	32	Burmah Oil	20
Dunlop	5½	P & O Dfd.	9	Charterhall	12
Eagle Star	14	Plessey	16	KCA	21
F.N.F.C.	2½	Racal Elect.	20	Premier	12
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	18	Tricentrol	35
Glaxo	40	Reed Intnl.	17	Ultramar	50
Grand Met.	12	Sears	5½		
G.U.S. 'A'	30	Tesco	7	**Mines**	
Guardian	23	Thorn	25	Charter Cons.	18
G.K.N.	22	Trust Houses	14	Cons. Gold	52
Hawker Sidd	36	Tube Invest.	27	Lonrho	12
House of Fraser	12	Unilever	40	Rio T. Zinc	35
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Tuesday March 25 1980

Shops spending recovery goes on

By David Churchill and David Marsh

SPENDING in the shops continued to recover last month, and remains well above the levels of the New Year

Stores have maintained their sales promotions from then for longer than normal to help clear uncomfortably high stocks, while recent wage increases have boosted the amount of cash flowing into shops.

Provisional figures yesterday from the Department of Trade show that retail sales last month were 1.2 per cent up on January, in volume terms, and 2.3 per cent above the disappointingly low levels of December.

This took the Department's seasonally-adjusted index of monthly sales by volume to 104 (1976=100), the highest since June.

Mr. Richard Weir, director of the Retail Consortium, representing the bulk of retailers, said that the improved February sales figures were a surprise. "Nobody really anticipated that the increase in earnings would continue to run ahead of prices for as long as it has."

Figures last week showed that average earnings were growing at an annual rate of nearly 20 per cent, just ahead of the rate of inflation

Retailers also suggested yesterday that the February sales rise was helped by other factors, including the relatively mild weather.

While mild weather last autumn hit sales of winter clothes, that in February boosted sales of spring fashions.

Mr. Ian MacLaurin, managing director of Tesco, suggested that there was some panic buying of groceries and other products as a result of the steel strike.

Tesco's food sales in February were about 26 per cent above those a year earlier, and non-food sales about a fifth higher.

RETAIL SALES VOLUME
1976=100, seasonally adjusted

		All retailers
1979	1st	100.7
	2nd	106.2
	3rd	99.5
	4th	101.7
	Nov.	102.5
	Dec.	101.7
1980	Jan.	102.8
	Feb.	(prov.) 104.0

Source: Department of Trade.

Jaguar faces strike on imposed pay offer

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SHOP STEWARDS at Jaguar, Coventry, will today urge the 5,000 workers at the Browns Lane plant to strike from next Monday, in protest at BL's decision to impose a 5 per cent pay offer.

News that BL Cars is forcing through new pay rates linked to changed working practices aroused such hostile shop floor reaction that stewards called an emergency meeting yesterday.

Mr. David Holloway, the Transport and General Workers' Union convener, said: "We were accused of not giving leadership because Jaguar workers have overwhelmingly rejected the offer in a secret ballot.

"Accordingly we gave the company five days' strike notice and expect the mass meeting to endorse that action."

The militancy of the Jaguar workers owes much to special circumstances at the plant, but will undoubtedly put pressure on national union leaders who meet near Coventry tomorrow to decide their response to the company's action.

BL Cars maintains that after nearly five months of abortive negotiations with the unions, it has no alternative to imposing the package. Uncertainty is said to be hitting BL's market share and putting the company at risk.

A decision today by Jaguar workers to set the pace in resisting the package would put the TGWU leadership in a difficult position.

The union remains opposed to the BL recovery plan and would find it difficult not to give official backing to Jaguar workers pursuing constitutional strike action.

On the other hand, transport union leaders know disruptive action now might precipitate a crisis which could mean an end to the company in its present form.

Leaders of the 85,000 manual workers have so far pulled back from industrial action over pay, realising that it could be self-defeating at a time when low sales are causing mass lay-offs.

They have warned the company, however, that, while nobody might be in a mood for a full confrontation, individual groups of workers could provoke damaging disputes.

Jaguar, where workers have always resented being pulled into the Leyland empire, provides the most dramatic example. Mr. Holloway said: "We want the company to take off the shackles of central bargaining. We can negotiate our own local deal to give the productivity the management demands and the earnings the workers deserve."

BL Cars could also face trouble in implementing its package from the white collar workers, many of whom resent the offer and the attached conditions.

Shop stewards representing the 5,000 members of TASS, the white collar section of the engineering union, were yesterday considering imposing an over-overtime ban. BL is particularly sensitive to action by unions such as TASS, whose members are in key supervisory positions and could put at risk the launch of the Mini Metro in October.

Production of the existing Mini at Longbridge, Birmingham, was halted yesterday in a dispute about the use of a new material for lining the vehicle. Some 30 workers complained of health risks—denied by the company—and 1,000 employees had to be laid off.

Top civil servant to join GEC

By John Elliott, Industrial Editor

A SENIOR Industry Department civil servant is to join GEC as its exports director to co-ordinate its overseas business.

He is Mr. John Lippitt, 51, who has been involved with various export activities as a civil servant, including helping GEC and other companies to win power station contracts in Hong Kong.

The move, which will reopen the controversy about civil servants being employed by private sector companies, has been cleared by the Government's business appointments advisory committee headed by Lord Diamond. It has also been approved personally by the Prime Minister, who believes it to be in the national interest for Mr. Lippitt to help GEC win export orders.

No restriction has been placed on Mr. Lippitt, although in his present job as the Industry Department's deputy secretary in charge of industrial policy, he has been closely involved with the activities of a large number of major companies.

At GEC, Mr. Lippitt will earn about £40,000 a year — roughly twice his Whitehall salary. But he is giving up the chance of winning one of the top posts in Whitehall where he is believed to have been one of the front runners to succeed Sir Jack Rampton as permanent secretary of the Energy Department.

Mr. Lippitt was offered his new job, on a permanent basis, by Sir Arnold Weinstock, GEC's managing director, before Christmas. At first he thought he would have to wait for two years before being allowed to take up such an appointment but then successfully appealed against this to the Diamond Committee.

The Prime Minister's office approved the appointment last Wednesday and Mr. Lippitt handled his last papers as a civil servant on Friday. He will start work at GEC's London headquarters on April 14 with the title of associate director. There are about eight people with this title in the company's central management team but they are not full Board members.

Mr. Lippitt's appointment was cleared in advance with Mr. Duncan McDonald, chairman of Northern Engineering Industries, a major competitor of GEC's. This illustrates the sensitivity surrounding such appointments.

Mr. Lippitt will be succeeded in his industrial policy job by Mr. Ron Dearing, 49, who, since 1976, has been in charge of policy on shipbuilding, aerospace, the Post Office, telecommunications and nationalised industries in general. Other senior appointments in the Department are to be announced soon.

Reopening the jobs switch debate: Page 8

THE LEX COLUMN

Trading profits all at sea

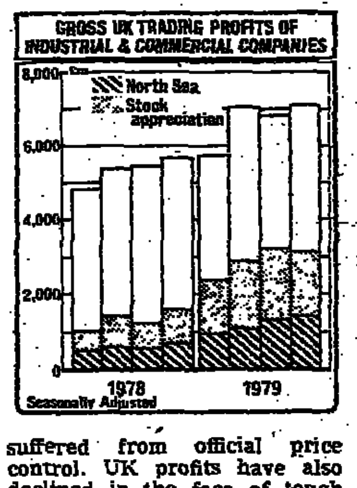
The 1979 national income and expenditure figures provoke confusion as much as gloom. Domestic trading profits of industrial and commercial companies, minus stock appreciation and North Sea oil, are nearly 7 per cent down on 1978. In real terms this represents a steep fall, but the quarterly pattern of trading profits, showing a reasonable recovery in the fourth quarter after the engineering strike, as in the second quarter after the haulage dispute, does not suggest that earnings are going to vanish entirely in 1980.

On the other hand, the figures for the net acquisition of financial assets show a £5bn deterioration in the position of the corporate sector, from a £½bn surplus in 1978 to a £4.7bn deficit last year. But this series is notoriously unreliable — the 1978 figure has been quietly revised from a £2.2bn deficit—and 1979's deficit should perhaps not be taken entirely at face value.

While the corporate sector has moved deeper into the red, personal sector savings have steadily risen, by £4½bn in the last quarter of 1979 alone. This may largely reflect unspent tax rebates, as well as the continuing rise in real disposable income.

The buoyant volume of retail sales in both January and February suggests that these unusually high savings were being run down in the extended New Year sales. Yesterday the gilt-edged market was too deeply sunk in pre-Budget torpor to worry about whether personal borrowing might take off again when savings have returned to normal.

Index fell 2.7 to 427.2



Paterson Zochonis

The improvement in the Nigerian economy has come to the rescue of Paterson, Zochonis. While pre-tax profits in the first half—to November—are 5.4 per cent lower than the comparable period in 1978 at £8.9m, this represents a 17.3 per cent gain on the performance of the depressed half-year immediately preceding.

The improvement derives entirely from Nigeria, where profits have doubled from the previous six months. The bulk of the gain has come from manufacturing, with volume rising 25 per cent in real terms. Volume in the Nigerian trading operations is unchanged although margins have improved. Elsewhere, the picture is less bright. While there has been some progress in Kenya and Australia, the Greek olive oil business has suffered from official price control. UK profits have also declined in the face of tough competition in the soap and household chemicals industry.

With the increased oil revenues now beginning to filter down to consumers, the company's performance in Nigeria should continue to improve. Pre-tax profits for the year should emerge at about £18½m, to produce a prospective p/e, fully-taxed, of just over 4 on yesterday's unchanged ordinary share price of 225p, while the prospective yield is a little below 6 per cent. In common with Lonrho, the company's efforts to improve the quality of its earnings by diversification out of its African base seem to have been ineffective. Africa is producing the only real growth prospects, although PZ has no gold mines to its name. But there has been some improvement in the quality of its African earnings, with manufacturing now representing 75 per cent of Nigerian profits, against only 40 per cent two years ago.

Chrysler

Banking, and in particular the provision of bank loans to industry, is now an international business. The market penetration of foreign banks in many developed countries makes this clear. One result is that a Government's ability to control, or cajole, its banking system is undermined. The news that Banque Bruxelles Lambert has decided to go its own way in claiming repayment of $10m lent to Chrysler of the U.S. is a reminder of this. It is clear that the U.S. Treasury has recently been taking a tougher line with the U.S. banks in its efforts to persuade them to put up fresh cash in addition to the approximately $1.5bn which Chrysler already owes them. The developing confrontation may well have persuaded the Belgian bank, which has said it needs the liquidity, to take the matter into its own hands. This is not the first time that foreign banks have taken a tough line with Chrysler: earlier this month a group of Japanese banks refused a request from the company to turn short-term trade finance into medium-term credits.

William Collins

William Collins' preliminary 1979 figures suggest that the company is pulling itself round after the nasty shocks of the first half, when a squeeze on export margins and volume pulled it into loss. The profit and loss account is still a mess, and the finaldividend has gone the way of the interim, but the balance sheet pressures have been contained.

In the second half Collins managed a small pre-tax profit, but for the year as a whole there is a loss of £0.3m, against a 1978 profit of £3.3m. Despite lower cash-flow, the pressure of inflation on working capital and £1.5m of closure costs, borrowings have been cut by £1.8m to £14.6m.

This has been achieved by rigorous stock control as well as by a £3.2m property sale and leaseback. Collins has given up trying to cut production costs through "optimum" print runs and then having to carry swollen inventories.

The 1979 figures were depressed by unusually heavy stock write-downs, and by the cost of installing a new distribution system in Australia. So there should be some automatic recovery in 1980, although trading conditions are still difficult. Collins is excited about its 1980 list of new titles, but worried that British public libraries may have their purchase budgets cut.

The trouble now is that there is probably not much more room for cutting working capital, and the level of income gearing (net finance costs were £2.6m last year) will remain burdensome in 1980. But Collins is making encouraging noises about dividend restoration—it needs to pay some 1980 interim to retain trustee status—and the market capitalisation of £11.3m is only 43 per cent of net worth. The premium of the ordinary shares, at 98p last night, over the "A" at 75p can only be justified by hopes of a bid, which would probably be unwelcome to the company.

Government fails to win large cuts in council staff

BY ROBIN PAULEY

THE GOVERNMENT admitted yesterday that its efforts to persuade local authorities to make substantial cuts in manpower had failed.

Mr. Michael Heseltine, Environment Secretary, said yesterday he was extremely disappointed by the figures for England and Wales, which show manpower fell by only 0.3 per cent, excluding police and law and order services, to 1,921,423 in December last year compared with a year earlier. This represents a fall of only 4,825.

Government policy has been to increase the number of police. When this is included, local authority figures increased by 0.1 per cent, or 2,307, to 2,090,769.

Mr. Heseltine has never said how big a fall he wanted. But he has always quoted his own department, where he has reduced staff by 3,500—equivalent to a reduction of 8 per cent a year—by examining every vacancy. He did this without redundancies.

He said yesterday that, by publishing the figures for each authority for the first time, he was trying to equip the public and local councillors with enough information "to ask the right questions about their authority."

Mr. Heseltine and Mr. Tom King, Local Government Minister, have recently emphasised their belief that local authorities with high rates tend to be Labour controlled.

But the figures show that both Labour and Tory controlled councils are increasing their staffs.

In London, for example, Labour-controlled Islington cut its full-time staff by 1.5 per cent, but Tory Redbridge increased staff by 4.4 per cent.

Authorities voluntarily provide statistics to the joint manpower watch, organised by the local authority associations

All non-metropolitant counties, metropolitan counties, and metropolitan districts filed statistics. But two outer London borough, four inner London boroughs and 25 non-metropolitan did not file figures for either this year or last year. This made a full analysis impossible. If they had been included, the figures might have been even more disappointing for the Government as some authorities which did not file are thought to have considerably increased staff.

Mr. Heseltine said that if the Local Government Planning and Land Bill before Parliament becomes law, he will be empowered to force all authorities to publish their manpower statistics, and to break them down service by service so that useful comparisons can be made.

Yesterday's figures for the non-metropolitan districts range from an increase of more than 12 per cent in full-time employees at Nuneaton to a fall of more than 13 per cent at Eden, Cumbria.

Local authority manpower last June was at an all-time high, accounting for about 70 per cent of local government gross current expenditure.

Danes angry over engine sale plan

By Hilary Barnes in Copenhagen

THE DANISH Cabinet's economic policy committee will discuss today the decision by Burmeister & Wain to sell virtually all the rest of its marine diesel engine interests to MAN of West Germany.

The deal, announced at the weekend, has provoked strong union reaction and has come under fire from one Minister already.

The diesel engine company is regarded as one of the showpieces of the Danish engineering industry. MAN already has a 49.75 per cent stake in it and, under the proposals is due to buy 96.5 per cent of Burmeister and Wain's remaining holding.

Mr. Erling Jensen, the Industry Minister, yesterday said he was "shocked and disappointed" by the deal while workers at two of the Burmeister and Wain diesel group plants walked out in protest. Mr. Jensen and Mr. Sven Auken, the Labour Minister, met union leaders to hear their views, while the Association of Danish Engineers sent an open letter to the Government urging it to halt the sale.

At the same time, the management and workforce at Alpha Diesel in Jutland, a member of the group, have put forward a scheme for the establishment of an investment fund — partly financed by the workers—to buy the shares, and Mr. Hardy Hansen, General Workers' Union chairman, said the trade unions and the Social Democratic Government would try to raise the capital to keep the company in Danish hands.

Every sale of a Danish company to a foreign buyer must receive the formal approval of the Industry Ministry, but in view of Denmark's obligations under EEC and Organisation for Economic Co-operation and Development rules on the free movement of capital, the Government is not expected to be able to prevent the sale to MAN.

The parent board of B. and W. decided on the sale to strengthen its financial position and to secure the future of the group's Copenhagen shipyard. This specialises in the production of large bulk carriers and now has a labour force of about 1,200.

Background, Page 27

Post Office insists on efficiency

BY JOHN LLOYD

THE POST OFFICE board has told its management to introduce in the postal service measures to improve efficiency although they are certain to meet stiff union resistance.

In a strong statement issued after the board meeting yesterday, Sir William Barlow, the Post Office chairman, said: "The public is entitled to receive a first-class postal service and the Post Office board is determined to see that it gets it."

The statement follows rejection last week, by a special delegate conference of the Union of Post Office Workers, of the larger part of a package of proposals designed to increase incentives and raise postal productivity

The postmen agreed to the introduction of wider pay differentials for sorters, and the recruitment of a cadet postmen force, but rejected what management see as the most important measure — the employment of casual labour in the summer holiday period, together with new work rates and a more flexible promotion structure. Last summer, mail deliveries were seriously delayed, owing largely to staff shortages in key areas such as London.

The package had been recommended to the union's delegates by their leadership. Its rejection marked the third defeat for the executive, and for the Post Office, at the hands of delegates in the past 12 months.

It is clear from yesterday's tough statement that the corporation's top management no longer sees any future in presenting again proposals on efficiency. Instead they are prepared to bring in changes in the teeth of certain union opposition.

At the same time, it is expected to link pay rises with improvements in efficiency during the forthcoming negotiations on postmen's pay, which start today.

The result might be an offer in which the basic pay rise is relatively small, with larger rises dependent on faster processing of mail.

Continued from Page 1

EEC summit

deeper on her tough negotiating line.

If as the French insist and the British partially acknowledge, a resolution of the crisis has to be on the basis of a package deal involving substantial agreement on other issues, including sheepmeat and farm prices, then a delay obviously allows time for "political pre-cooking," which is yet to take place.

Sceptical observers argued yesterday that the Prime Minister's threat last week to withhold the UK's value added tax payments to Brussels if there was deadlock at the summit so soured the atmosphere that Sig. Cossiga was relieved to find in his own political problems a pretext for postponement.

Italy's concern about the deteriorating outlook for the Brussels summit has become increasingly evident. Her statement in EEC capitals yesterday stressed the hope that a calmer atmosphere would prevail at the summit, and that there would be no new developments making a solution of the British problem more difficult.

The extent of Sig. Cossiga's foreboding is possibly underlined by the fact that there is no precedent for postponing an EEC summit.

Formally launched by EEC Governments at the end of 1974, the three-times-a-year councils have survived occasional political weakness or instability in the Government then occupying the Presidency.

Italy offered her partners little opportunity yesterday to argue with the decision.

Italian Ambassadors in EEC capitals first communicated the postponement decision.

Then Mr. Roy Jenkins, President of the European Commission, was informed by the Italian permanent representative at midday, after which EEC ambassadors learned of the decision from their Italian colleague at a lunchtime meeting.

Sir Michael Butler, UK permanent representative, had by this time been informed by Brussels journalists.

During the day, there was no clear sign that one or more member-States might raise obstacles to settling a new date for the council unless London modified its demand for a big cut in the UK's £1.1bn anticipated net budget contribution

Continued from Page 1

Chrysler

agreed to certain concessions, including reduced interest payments on existing loans.

Faced with such pressure, banks must choose between responding or digging in their heels and demanding repayment of existing loans.

It is in this context that the repayment demand by the Belgian bank has been made. Bankers expressed no surprise at the move, but said it increased the possibility of a wholesale attempt by bankers to flee the sinking Chrysler ship.

Giles Merritt writes from Brussels: Banque Bruxelles Lambert said the $10m credit it is seeking to recover is part of a larger loan package made available to Chrysler by a consortium of European and U.S. banks. But the bank emphasised that notice was given to Chrysler more than a year ago that the loan would not be renewed past the end of January 1980.

According to the bank, the decision to demand repayment of the loan was prompted by the bank's own liquidity problems, which were common among Belgian banks.

Weather

UK TODAY

SHOWERY, with occasional bright intervals. Cold.

London, S.E., S.W., S. Cent., N.W., Cent. N. England, Midlands, Channel Islands, Isle of Man, N. Ireland, Wales

Showers, heavy at times, and sunny intervals. Max. 10C (50F).

East Anglia, E., N.E. England

Cloudy with showers. Cold. Max. 6C (43F).

Lake District, Scotland

Cloudy, showers, some snow. Max 5C (41F).

Orkney, Shetland

Cloudy, some sleet. Max. 3C (37F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	L. Plms.	C	20	68
Algiers	F	19	66	Lisbon	C	13	55
Amsdm	S	10	50	Locarno	F	12	54
Athens	F	15	59	London	C	9	48
Bahrain	S	28	82	Luxmbg.	S	9	48
Barclna.	S	14	57	Luxor	C	43	109
Beirut	F	30	86	Madrid	F	12	54
Belfast	F	10	50	Majorca	C	17	63
Belgrd	S	15	59	Malaga	C	16	61
Berlin	C	2	36	Malta	S	18	64
Biarritz	S	15	59	Mchstr.	C	7	45
Bmghm.	F	9	48	Melbne.	C	22	72
Blackp'l	F	8	46	Milan	C	9	48
Bordx.	F	16	61	M'ntreal	C	4	40
Boulgn.	C	11	52	Moscow	S	0	32
Bristol	F	11	52	Munich	C	4	39
Brussels	S	10	50	Nairobi	S	24	76
Budpst	C	7	45	Naples	F	13	55
B. Aires	C	24	75	Nwcstl.	R	6	43
Cairo	S	34	93	N. York	C	11	52
Cardiff	F	9	48	Nice	F	14	57
Cas'b'ca	R	14	57	Nicosia	F	23	73
Cape T.	S	25	77	Oslo	S	−1	30
Chicago	C	1	34	Paris	S	13	55
Cologne	S	10	50	Prague	C	6	43
Cophgn.	S	3	37	Reykjvk.	F	2	36
Corfu	S	17	63	Rhodes	F	20	68
Dublin	S	7	45	Rio J'o	S	30	86
Dbrvnk.	S	14	57	Rome	R	12	54
Ednbgh	R	5	41	Salzb'rg	C	7	45
Faro	S	16	61	Singapr.	S	31	89
Florence	R	9	48	Stckhm	S	1	34
Frankf't	C	8	46	Strasb'g	C	10	50
Funchal	F	17	63	Sydney	S	27	81
Geneva	F	9	48	Tangier	C	15	59
Gibrltr	C	15	59	Tehran	S	15	59
Glasgow	C	5	41	Tel Aviv	R	29	84
G'rnsey	C	9	48	Tenerife	R	13	55
Helsinki	S	−3	27	Tokyo	C	8	46
H. Kong	S	20	68	Toronto	Fg	1	34
Innsbrk.	C	7	45	Tunis	C	16	61
Invrnss.	R	5	41	Valencia	S	19	66
I. o Man	F	7	45	Venice	R	9	48
Istanbul	F	18	64	Vienna	C	2	36
Jersey	F	10	50	Warsaw	C	−1	30
Jo'burg	C	21	70	Zurich	R	6	43

C—Cloudy F—Fair Fg—Fog R—Rain S—Sunny Sl—Sleet Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd., 1980